

Expatriate Adjustment Revisited: An Exploration of the  
Factors Explaining Expatriate Adjustment in MNCs and  
UN organizations in Egypt

**By**

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*To my beloved family,*

*My husband Hassan and my lovely kids*

*Noor and Mohamed*

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## ABSTRACT

This thesis aims to understand the relative influence of institutional, cultural and organizational factors on the adjustment of the United Nations' (UN) and multinational companies' expatriates in Egypt. The research makes a contribution to the field of expatriate research through its application of the institutional lens in examining the factors impacting on adjustment; and through testing a traditional adjustment model in an under-researched host context. As a result of the research this thesis proposes a new framework for understanding the factors impacting on adjustment which adopts a contingency perspective and incorporates a stronger focus on institutional determinants and the organisational infrastructure supporting the management of expatriates.

The study relies, for its theoretical basis, on certain cultural and organizational factors borrowed from the expatriate literature, in addition to introducing other factors (mainly institutional factors) which have not been previously examined in the literature as predictors of adjustment. The research questions the utility of these organizational, cultural and institutional factors, especially those from traditional models, when applied to relatively new national and organizational contexts, the Egyptian national context and the United Nations organizational context. Both contexts are under-researched areas in the expatriate adjustment literature and in the international human resources management literature in general.

The Arab cultural context introduces many differences to the Anglo-Saxon and European context, more traditionally the subject of research studies and thus it provides an opportunity for testing the wider application of expatriate models. Equally the UN is a highly multicultural organisational context with a socio-political mission which is highly distinct from the 'for profit' based multinational. Thus both these contextual factors offer fertile ground for the further development of a framework for understanding expatriate adjustment during contemporary times. In addition, the novelty of the context brings to the fore the opportunity for examining the utility of institutional theory as an alternative or complement to cultural theory as a way of understanding the factors influencing expatriate adjustment.

In terms of the method, the research relies mainly on quantitative data obtained by surveying expatriates in multinational and United Nations organizations working in Egypt. In addition a qualitative technique (interviews) was used to aid questionnaire development and data contextualization.

The results highlight the role of institutional measures in explaining expatriate adjustment. The evidence suggests that the institutional variables provide additional explanatory power beyond that provided by traditional factors studies. However, the research also demonstrates that the institutional measures do not replace the cultural measures and therefore there is not a substitution factor at work. Rather, we would argue that the institutional lens provides additional understanding and is tapping into other factors not already captured through measures of culture.

The research puts forward a contingency model incorporating additional organisational and institutional variables which are often overlooked or underemphasised in some of the traditional organisational focused models.

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# **Chapter One: Introduction**

## **1.1. Introduction**

This research draws on exploratory interviews and survey data from a sample of United Nations (UN) and multinational companies' expatriates to examine the institutional, cultural and organizational factors that are influential in explaining the adjustment process in the Egyptian context.

The thesis argues that an institutional perspective offers additional explanation beyond the cultural perspective when exploring the antecedents of the adjustment process. While it is important to consider the cultural features of the host country such as its daily customs (Black, Mendenhall and Oddou, 1991) as a predictor of expatriate adjustment, it is equally important to consider the role of the institutional features of the host country such as its regulatory laws (employment regulations) and established structured working norms, as another valuable input to expatriate adjustment.

In addition, the research questions the utility of dominant models of adjustment when applied to novel contexts, in this case the Egyptian institutional context and the organizational context of the United Nations.

The results of the analysis demonstrate that using more nuanced measures of institutional and economic variables can provide valuable insights into the factors aiding expatriate adjustment. The results also show that the factors that influence expatriates can vary considerably depending on the organizational context. The findings contribute to the ongoing body of work on expatriation models and provide new insights into the adjustment process for expatriates working in non-traditional organizational environments such as the UN.

## 1.2. Research overview

Internationalization of world markets and the expansion of global businesses has made many multinational companies (MNCs) rely on their expatriates to manage and/or facilitate their worldwide operations. Due to the increasing role expatriates play in international business and because they are considered a significant investment and source of critical expertise for their international organizations around the globe, it follows that *expatriates' adjustment* to the foreign environment while on their assignment is an important factor in producing positive outcomes for the organization. Equally, the costs of failure on these assignments could be significant for the organization as well as the expatriates themselves. As a result, this is an area of significant interest to both researchers and organizations in the global economy.

An increasing number of both theoretical and empirical studies have been carried out over the past decades which have focused on expatriate adjustment (*theoretical work*—e.g. Andreason, 2003; Aycan, 1997; Black et al., 1991; Church, 1982; Harrison et al., 2004; and *empirical work*—e.g. Kraimer, Wayne and Jaworski, 2001; Shaffer and Harrison, 1998; Van Vianen, De Pater, Kristof-Brown and Johnson, 2004). The accumulated knowledge in this area has contributed to further understanding of the antecedents and consequences of expatriate adjustment (e.g. Bhaskar-Shrinivas, Harrison, Shaffer and Luk, 2005).

However, despite this body of work, critical issues remain and need to be addressed for this area to progress further. An important criticism of the present body of expatriation literature is the predominance of cultural and organizational predictors in explaining adjustment. A review of the literature has shown that most of the antecedents and predictors being studied by researchers in the past (e.g. Shaffer et al., 1999) were based on the theoretical model developed by Black et al. (1991), which is one of the pioneering works in identifying inputs to the adjustment process (Bhaskar-Shrinivas et al., 2005).

This and other models which varied slightly in their content from Black's (e.g. Parker and McEvoy, 1993) and which incorporated varieties of predictors to assess the effect of the host country's environment on expatriate adjustment relied primarily on assessing

this environment from its cultural features. The present research argues that other important host country factors such as its institutional features and its economic level should be incorporated to assess their probable effects on adjustment and that this would enhance our understanding of the adjustment process.

The current research extends the established models by introducing some relatively new factors (mainly institutional factors) which were believed to be of importance, yet not widely used in the literature. These institutional factors will be defined and measured based on institutional theory and drawing from the work of Kostova (1996 and 1997). The institutional literature identified three “pillars” to divide a given country’s institution-specific environment into a set of regulatory, normative and cognitive institutions (Scott, 2008).

Thus, in the use of these institutional pillars in this research, a relatively new measure of host country’s institutional effect on expatriate adjustment will be measured. This institutional measure will also be compared against more traditional cultural and organizational measures as a means of explaining expatriate adjustment.

Another criticism that has been raised repeatedly in expatriate adjustment research is that it has been predominantly MNC-based, neglecting other types of expatriates working in other international organizations (Fenner and Selmer, 2008; Weeks, Weeks and Willis-Muller, 2010). Moreover, the national context was also limited to certain regions such as those of the Pacific Rim (e.g. Black and Stephens, 1989) and more recently Europe (Selmer, 2007; Lett and Smith, 2009) and China (Wang and Kanungo, 2004; Selmer, 2001, 2006).

This considerable lack of knowledge about expatriates working in different national contexts can not only limit the generalization of the findings of the literature, but it can also limit our understanding of the expatriation process in different regions. Exploring expatriate experiences around the globe and in different organizational contexts will add more value to the established literature through evaluating and comparing its results to others from relatively new contexts.

The current research is an attempt to fill this research gap by studying expatriates’ adjustment in the United Nations and in multinational companies in the host country

Egypt. Both Egypt as a country and UN expatriates are under-researched areas not only in the expatriate literature but also in the international human resource management field in general.

By addressing this gap, the research will make two substantive contributions: first, the study will provide insight and important information on the process of expatriation within the UN system. A review on the UN system (as will be discussed in detail in Chapter 2) will flag up the specific features of the UN expatriation system in terms of its set-up and types of expatriates.

Second, the research design will also provide the opportunity to explore any differences/similarities between the UN's and MNCs' expatriation characteristics and the consequences this could have for our understanding of the adjustment model. The study will show whether each group of expatriates would perceive the variables of the model differently. Also, it will explore whether there are any differences in the adjustment between the two groups of expatriates, and what factors explain adjustment in each group.

From a practical perspective, studying this work in the Egyptian context will guide international human resource professionals (in the UN and MNCs) to the appropriate design of the expatriation process for their expatriates in Egypt, which is a popular host country for many international companies and regional UN offices.

From the above discussion, it is clear that the expatriate adjustment literature has tended to view the expatriation process through a narrow lens. It has been biased towards a certain contextual framework as well as a number of conceptual predictors. Therefore, this study attempts to redress the balance in research on expatriation in several ways: first, by exploring the experiences of a relatively new and under-researched group of expatriates, more precisely the United Nations (UN) organizations' expatriates; second, through study of an under-researched destination, the Egyptian national context; and third, by introducing a new set of conceptual variables (mainly institutionally-driven variables) to the model of expatriate adjustment. Moreover, by introducing the institutional measure, this work will also reflect an empirical innovation in its development of a measure of Egyptian institutional effects. This novel measure will try

to show the extent to which Egyptian institutional rules, norms and cognitively-driven working practices can affect expatriates' adjustment.

To sum up, the research will try to address the following research questions:

- What is the relative impact of the organizational, cultural and institutional level factors on international employees' perceptions of adjustment?
- How do UN and MNC expatriates differ in their degree of adjustment and in the factors that explain their adjustment?

The remainder of this chapter outlines the structure of the thesis.

### **1.3. Thesis outline**

Chapter 2 sets out the theoretical grounding for the study by examining the meaning of expatriate adjustment and the underpinning conceptual models. It is argued that current models are constrained by a focus on cultural explanations, the concentration of empirical research on developed countries and a narrow range of organizational contexts.

In response to the weaknesses identified, Chapter 3 sets out the conceptual framework underpinning this research. Specifically, it introduces a new set of independent variables derived from the institutional literature. A series of hypotheses is developed that sets out to examine the relative merits of the new independent variables alongside the traditional variables; and the utility of the framework for explaining expatriate adjustment in divergent contexts, i.e. the Egyptian context as a host country and two different organizational contexts, the MNC and the UN.



The Egyptian context is described in detail in Chapter 4. This chapter identifies the main cultural and institutional country features that are reflected in the working environment, arguing that if identified by the expatriates working in such an environment, these may affect their adjustment. Identifying and understanding the main workplace institutional features feeds into our development of the measure of Egyptian institutional effects.

The research methodology and the pilot study are presented in Chapters 5. It is as always important to take into account the research context when considering research design. In particular, for this study, key issues associated with the Egyptian research climate had important implications for the research methods and design. These implications, along with a detailed explanation of the research variables and their measurements, are discussed in the methodology chapter. The pilot work was of great importance in guiding the research in terms of selecting the relevant research variables, research elements and units, in pre-testing the research survey and in addressing some research challenges that fed back into the main fieldwork.

Chapter 6 sets out the analysis and findings in relation to the conceptual framework and underpinning hypotheses. The relative explanatory power of the institutional, culture and organizational factors in explaining adjustment is examined in detail. The findings identify a number of new and novel measures of institutional and economic factors as important explanatory variables. The results also reveal differences in the key explanatory variables across the two subsamples, i.e. the MNCs' and the UN expatriates.

The implications of these findings are discussed in Chapter 7 with respect to: a) future development of models of expatriate adjustment, taking account of institutional perspectives; and b) the value of expanding traditional models of expatriate adjustment to a wider range of organizational and host-country contexts. As a final outcome, this work suggests a contingency model that would account for different contingencies affecting expatriate adjustment.

Finally, the thesis is concluded by Chapter 8 which identifies the core theoretical and practical implications of this research. It also presents the limitations of the research and suggestions for future research.

#### **1.4. Conclusion**

Overall, this study aims to develop a better understanding of expatriate adjustment by, first, extending the traditional expatriate adjustment model to include a relatively new set of conceptual variables that are rarely investigated in this field; and second, by exploring relatively new organization and host country contexts, which most international HRM researchers and, in turn, practitioners may not have significant knowledge of. The key contributions of this work lie in its attempts at the conceptualization of wider institution-driven explanations of adjustment and associated operational measures; insights into expatriate adjustment in a non-MNC international organizational environment; and its insights into the specific institutional drivers affecting expatriates in an Arab host country context, namely Egypt. The work concludes by presenting a contingency model that summarizes what the research has attained after testing the research model. This contingency model also puts forward a model for future testing that can explain expatriate adjustment.

## **Chapter Two: Explaining Expatriate Adjustment: Overview of the Conceptual Framework**

The purpose of this chapter is to explain expatriate adjustment, and to provide an overview of the traditional models in the literature which have been used to study it. A review of these traditional models reveals limitations and gaps which form the focus of the research undertaken in this thesis. To enhance our understanding of expatriate adjustment, the research flags up the importance of closing these gaps by extending the model to include institutional contingencies and other concepts that have either been absent in previous work or not widely tested; and to open the locus of this research to relatively new organizational and national contexts.

### **2.1. Expatriation and cross-cultural adjustment**

Due to the competitive pressures from globalization, the importance of employing expatriates by multinational companies and the need to understand the expatriate adjustment process have increased (Takeuchi, Wang and Marinova, 2005).

Expatriates are defined as those “employees of business organizations who are sent overseas on a temporary basis to complete a time-based task or accomplish an organizational goal” (Harrison, Shaffer and Bhaskar-Shrinivas, 2004, p. 203).

The use of expatriates has continued to expand in the 21<sup>st</sup> century. A recent worldwide survey noted that there is a continued growth in the number of expatriates (Global Relocation Trends, 2008). The report showed that despite the economic downturn, companies remain optimistic about current and future growth of the expatriate population. However, the report revealed that 21 per cent of respondents identified finding suitable candidates as the main challenge facing their companies.

Because expatriate managers “are the chief catalysts for the implementation of a multinational’s strategic decisions” (Kim and Mauborgne, 1993, p. 502), they therefore

can play a critical role in the success or failure of an MNC's operations in a particular overseas market.

With respect to the actual role that expatriates perform, Morley and Flynn (2003) reported that expatriates are commonly utilized in the early stages of establishing a new company abroad, especially for the transfer of technical and managerial skills, or for the purpose of exercising control in the overseas operation. Expatriates could also be used for the requirement to coordinate and communicate with headquarters (Shen and Lang, 2009).

Understanding the factors contributing to the expatriate's success is particularly important because such international assignments are very costly. On average, organizations spend over two and half times more money to send an employee on expatriate assignment than they would to hire locally (McGoldrick, 1997). Selmer (2000) estimated that expatriate costs could range from US\$300,000 to US\$1 million annually, suggesting that this could be the single largest expenditure most companies make on any one individual, save the CEO.

Apart from costs to the organization, failure in the assignment also has costs for the individual expatriate, such as loss of self esteem and self-confidence (Mendenhall and Oddou, 1985). Researchers (such as Tung, 1982) have been studying the high failure rates of expatriates, yet others (e.g.: Harzing 1995; Christensen and Harzing, 2004) have been trying to understand and evaluate the reality of this phenomenon. Harzing's work argued that expatriates' failure rate is not as high as claimed and also questioned the concept of expatriate failure altogether, suggesting the importance of presenting a more sophisticated and comprehensive understanding of the concept through analysing the problems and reasons related to it.

In line with this argument, Forster (1997) emphasized that the traditional definition provided by Tung (1981, 1982 and 1987) of failure as early return from an international assignment due to low performance and dissatisfaction has limitations and does not reveal the true extent of the problems which international assignments can cause to some expatriates.

For the past two decades, research has examined a variety of causes for the problems that are associated with expatriates' failure on foreign assignments. Much of the research has focused on expatriates' adjustment (Hechanova et al., 2003).

Generally, two types of expatriate adjustment have been studied in the literature, *psychological adjustment* and *cross-cultural adjustment*. These constructs are conceptually interrelated but involve different drivers. Psychological adjustment refers to individuals' subjective well-being or satisfaction in their new cultural environments (Ward and Kennedy, 1996) whereas socio-cultural or cross-cultural adjustment relates to the ability to "fit in" or effectively interact with members of the host culture (Ward and Kennedy, 1996). Cross-cultural or socio-cultural adjustment has also been defined as the degree of comfort, familiarity, and ease that an individual feels regarding the new cultural environment (Black and Stephens, 1989; Harrison et al., 2004).

Both types of adjustments have been studied in the literature, yet most of the research on expatriates' adjustment has mainly focused on *cross-cultural adjustment* (Hechanova et al., 2003), which is also the focus of this research. Therefore, in this study the term "expatriate adjustment" refers to cross-cultural adjustment.

The concept of cross-cultural adjustment began with earlier work on culture shock, which is defined as the period of anxiety before an individual feels comfortable in a new culture (Oberg, 1960). Subsequent research found that not all individuals experience the same level of anxiety, or experience this anxiety for the same length of time (Church, 1982). From this body of work it was argued, as could have been predicted, that cross-cultural adjustment is individually specific and differs in its degree and duration from one individual to another (Black, 1990).

Cross cultural adjustment has been conceptualized mainly in two ways, namely as a "unitary" concept, common in earlier literature, and, in more recent investigations as a "multi-faceted" construct, involving several different domains of life.

Black, Mendenhall and Oddou (1991) were the first to argue that the degree of cross-cultural adjustment should be treated as a multidimensional concept, rather than a unitary phenomenon. In their study they differentiated it according to three dimensions, namely: *work adjustment*, *interaction adjustment* and *general adjustment*. Work

adjustment involves the adaptation to new job tasks, work roles, and the new work environment. Interaction adjustment involves the comfort achieved in interacting with host nationals in both work and non-work situations. The third facet is general adjustment, which involves the overall adaptation to living in the foreign culture and comprises factors such as housing conditions, health care, and cost of living (Black and Stevens, 1989).

Although research has tended to support the multidimensional view of expatriate adjustment, even empirical research has not shown a consistent number of dimensions of expatriate adjustment (Galarza, 2000). Factor analytic data shows between two and four dimensions (Black, Gregersen and Mendenhall, 1992), and correlational studies showed moderate relationships between adjustment dimensions (Galarza, 2000). In addition, some research, despite measuring the three dimensions, also supplemented an overall unitary adjustment measure (see, for example, Morley and Flynn, 2003), while others selectively used only two of the dimensions (e.g. Takeuchi et al., 2005; Chi and Chiou, 2007) depending on their research objectives and factors studied.

In this study, cross-cultural adjustment will be considered as an overall/unitary concept because it satisfies the conceptual objective of this research, which does not focus on examining the notion of adjustment multidimensionality, but rather on adjustment as a whole concept.

Because expatriation is an important part of international management, there is a significant body of established work on the theories and models for explaining cross-cultural adjustment. The dominant models and contributions in this area are reviewed below.

## 2.2. The antecedents of expatriate adjustment

Many researchers have been trying to explain expatriates' cross-cultural adjustment and its antecedents (e.g. Black, Mendenhall and Oddou, 1991; Parker and McEvoy, 1993; Shaffer et al., 1999). However, according to Bhaskar-Shrinivas et al. (2005, p. 257), "Black, Mendenhall, and Oddou's (1991) theoretical model is one of the most influential and often-cited theoretical treatment of expatriate experiences." The research in this dissertation uses Black et al.'s model as a starting point and aims to extend it through the addition and refinement of some of the antecedents considered.

One of the successful features of Black et al.'s model is that it has presented a schematic integration of both the domestic and international adjustment literatures to provide a more comprehensive theoretical framework of expatriate adjustment (Liu and Lee, 2008). The domestic adjustment aspect focuses on pre- and post-entry adjustment variables, such as those related to the job and the organization, and the mode and degree of adjustment; while the international adjustment literature focuses on individual and non-job variables and on degree of adjustment. Rather than simply extrapolating from the domestic adjustment or from the international cross-cultural adjustment literature, a comprehensive understanding of international adjustment can be gained by integrating both literatures.

According to Black et al.'s work (1991), the first set of predictors to adjustment is an anticipatory one, this refers to pre-departure expatriate expectations and preparations for an upcoming assignment. These predictors include the expatriate's *language ability* (fluency in the host country language) and *previous overseas assignments* (prior experience in living and working abroad).

The second set of inputs contains four in-country variables. *Individual variables* (self-efficacy and relational skills) are personal requirements for effectiveness in an overseas environment. *Job variables* are features of the work environment, such as role clarity (understanding of position requirements), role discretion (decision-making autonomy), role novelty (differences between host and native country work roles), and role conflict (incompatible cues regarding job expectations) (Bhaskar-Shrinivas et al., 2005). *Organizational inputs* are features of the overseas or parent organization's culture. Input

from the firm or organization environment, such as social support from co-workers and logistical support from the parent company, can play important roles in facilitating adjustment (Guzzo, Noonan and Elron, 1994). *Non-work variables* are external to the job and can affect adjustment, for example, culture novelty and family/spouse adjustment.

In canvassing the literature on expatriate adjustment, Bhaskar-Shrinivas et al. (2005) found 51 studies that were partly based on the Black et al.'s (1991) model and 15 that were not, showing the popularity of this model. However, despite all these studies, Bhaskar-Shrinivas et al. (2005) concluded that what facilitates or hinders assignees' adjustment to overseas postings has not yet been firmly established.

The present study is another attempt added to the above comprehensive literature, one which also examines some of the factors in Black et al.'s model (1991). However, what distinguishes this attempt from prior research is that it will add new factors that have not been studied in the literature before. Namely, the research will add an *institutional profile/measure* of the host country's working environment, an *institutional distance* variable between home and host country institutional environments, and also a measure of the *economic development level* of home versus host country, as new antecedents of adjustment.

Theoretically, Ramsey (2005) has argued that these suggested variables (specifically the institutional variables) were not only missing as antecedents in the original Black et al. (1991) model, but remained missing when the model was expanded by Shaffer et al. (1999) and then reviewed by Andreason (2003).

Moreover, according to the two meta-analyses on expatriate adjustment (Bhaskar-Shrinivas et al., 2005; Hechanova et al., 2003) that have appeared in the literature to date (in addition to Galarza's (2000) unpublished meta-analysis dissertation), none of the factors suggested above were examined.

A potential explanation for why these variables were not considered or even conceptualized until relatively recently lies in the dominance of the cultural paradigm in the field of social science in general and in the expatriate cross-cultural adjustment literature specifically. However, recent evidence from a stream of institutional research



(e.g. Ramsey, 2005) suggests that explanations based on institutional perspectives may add to our current understanding of the expatriate adjustment process.

To address this gap, the current study aims to introduce some institutional variables as antecedents to explain expatriate adjustment. In order to evaluate this variable's power in explaining adjustment compared to other more traditional cultural and organizational variables, and in order to form a more comprehensive model of expatriate adjustment, this study will also include some of the traditional antecedents in the model developed. To attain this, some of Black et al.'s (1991) variables were purposefully borrowed and included in this study, namely: *expatriates' pre-departure training; previous overseas experience; host country language ability; organization support and cultural distance*.

The rationale for selecting these specific variables and deselecting others lies primarily in the conceptual aim explained above, which would allow for assessing the explanatory power of each set of variables on adjustment. However, this selection was also guided by the results of the interviews conducted at an early (exploratory) stage of this study which directed the focus to those variables which are perceived to be the most relevant and applicable to the respondents and their adjustment experiences. Nevertheless, more detailed reasoning for certain variables could be explained as follows:

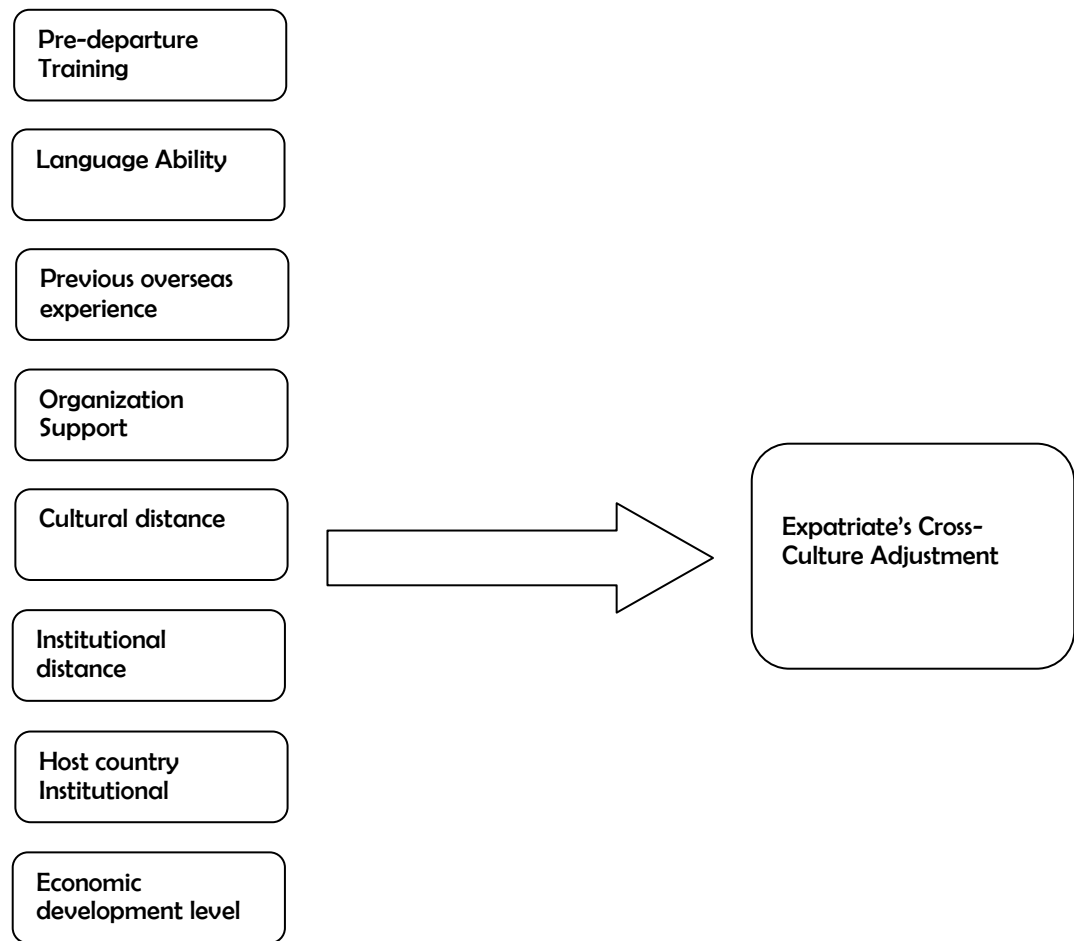
- Job variables in Black et al.'s model were not studied in this research, not only because they are out of the main scope of this study, but also because these factors have been extensively studied in the literature. Most expatriate studies (e.g. Bhaskar-Shrinivas et al., 2005; Black et al., 1991; Morley and Flynn, 2003) with a few exceptions (e.g. Kraimer and Wayne, 2004) have examined the effect of job role stressors on expatriate adjustment (Takeuchi et al., 2005).
- A measure of the expatriate individual variable (self efficiency and relational skills) was firstly added, then removed from the final questionnaire due to some methodological issues (see the methodology chapter). Nevertheless, following other scholars (e.g.: Shaffer et al., 1999), the anticipatory adjustment variables—previous overseas

experience and language ability—are used as alternative indicators for the relational and perceptual skills.

- While research suggests that family is an important factor in the success of expatriates (Sievers, 1998; Black and Stephens, 1989); given the relatively low response rates for expatriate studies, obtaining a large enough sample size becomes even more challenging when proposing to collect additional source data from other stakeholders such as spouses. Thus, it has been common for scholars to focus on expatriate employees themselves (Takeuchi, 2010). In line with those scholars, spouse adjustment was excluded from this study.
- The “time or duration of stay” in the host country was introduced by Torbiorn (1982), as the U-curve hypothesis or the trajectory of adjustment over time. This hypothesis addresses the sequential process or unfolding of expatriate adjustment through four sequential stages: “honeymoon”, “culture shock”, “adjustment” and “mastery”. The honeymoon stage reflects the initial excitement of beginning an assignment; shortly after that, the cultural disorientation sets in and expatriates struggle to adjust, indicating the start of the culture shock stage; then gradually, as they learn to cope with the stress of living and working in a foreign environment, adjustment increases indicating that the adjustment stage is reached, which over time ends up with a complete sense of adjustment at the mastery stage. Despite the fact that research findings indicate several clear weaknesses in this existing model (Bhaskar-Shrinivas et al., 2005), nevertheless, based on prior research (e.g. Kraimer et al., 2001), this variable was controlled for in this study.

Figure 1 shows a provisional research model for this study (a final model will be presented in Chapter 3 showing the expected relationships between variables).

### 2.3. Provisional research model



**Figure 1: Provisional research model**

Before explaining the proposed model, the context in which this model will be tested is presented.

## **2.4. Examining the proposed adjustment model in novel organizational and national contexts**

Brewster and Scullion (1997), in reviewing the expatriate research agenda, commented that the expatriation literature has mainly concentrated on studying multinational corporations while ignoring other types of international organizations such as governmental, charity and intergovernmental bodies. To date, this criticism is still posed by many researchers (Bhaskar-Shrinivas et al., 2005; Fenner and Selmer, 2008; Weeks, Weeks and Willis-Muller, 2010) who view the expatriate literature as predominantly “MNC -expatriate- centric”.

Nevertheless, many expatriates come from other types of organizations which have a long history of sending employees overseas for differing purposes, including diplomatic and military service as well as inter-governmental exchange programmes (Fenner and Selmer, 2008).

With the exception of few studies (e.g. Weeks, Weeks and Willis-Muller, 2010, studying teenage student expatriates and Fenner and Selmer, 2008, studying public versus private sector expatriates), research on expatriates in non-MNC environments is limited.

Given the current geopolitical situation and frequent international intervention in regional/local and international conflicts, there is reason to believe that within intergovernmental bodies such as the United Nations (UN), the rationale for using expatriates is increasingly strong and they are used increasingly commonly.

Mainly UN staff mobility is either *inter-agency mobility* within the UN common system (i.e. between the organizations and agencies that constitute the UN system) or an *external mobility* (i.e. between the UN system and the external environment, including governmental service, non-governmental organizations, scientific bodies and private sectors). This has been one of the rationales behind the establishment of the UN common system and its funds, programmes and specialized agencies.

Under the UN common system, the UN staff who normally have wide experience can be deployed and redeployed to meet operational requirements, and are also expected to

be committed to the UN common system concept rather than seeing themselves as employees of one programme, fund or agency (UN International Civil Service Commission Report, 2003).

Additionally, a key reason for mobility within the UN system rests on the fact that the UN is a knowledge-based organization, where the skills and capabilities of its people are in most cases the only significant asset the organization has. And so if knowledge management is identified as a critical aspect of the whole management process, and since it is argued that it is perhaps equally as much a knowledge organization as any integrated MNC, then knowledge management and knowledge transfer cannot be achieved without mobility.

This importance of mobility has been specifically recognized since the 1980s and the 1990s and became particularly important with the introduction of the “Program for Reform” in July 1997, which focused on mobility as a key element. In August 2002, via the United Nations General Assembly report on “Human Resources Management Reform”, the emphasis on the importance of mobility was made even stronger, the report pointing out that an, “organization culture of mobility has to be encouraged, valued and rewarded and would have to build into recruitment, placement and promotion process and linked to the career development of individual staff members” (UN International Civil Service Commission report, 2003, p. 4).

However, despite its importance and the UN’s continuous efforts to encourage mobility, mobility is still not widespread throughout the UN system. As a result, a UN report (2003), based on an interview with eight UN organizations, studied the causes behind this, clarifying the different constraints on applying the mobility system and other problems associated with it, and proposed a framework for the enhancement of human resource management mobility in the UN system.

The report showed that, among many causes, there was an absence of an organization culture of mobility. Employees viewed themselves as working for their current organization and did not see themselves as part of the common system. As a result of this immobility culture, the mobility is still, in broad terms, generated by the individual and is an individual choice, rather than organization- or system-based.

On the other hand, some constraints are part of the system itself and are reinforced by some elements of the UN structure and its inherent legalism. For example, staff in the specialized agencies whose technical and scientific expertise is vital to particular UN organizations are believed to be of little use elsewhere in the system, and their loss could mean losing some elements of institutional memory which may be problematic if there is too much movement. What complicates things more is the fact that there are differences between organizations in their rotation policies, which are in practice escalated when most organizations treat applications from other parts of the common system as external candidates. Additionally, equivalent to the MNC case, there are significant cost factors associated with the policy of mobility, where the cost of every move is estimated to average \$60,000.

As a result of assessing these constraints on mobility, the 2003 UN report proposed a framework for enhancement of the mobility system in the UN. This framework has mainly addressed two issues: changing the culture of immobility within the system; and minimizing the practical constraints which make mobility difficult. In this respect, the framework highlighted areas where supportive programmes could be established to enhance mobility. Some of these areas are:

Marketing mobility (through using brochures and websites to show the benefits of mobility and success stories to build a culture of mobility, which ensures that it is only in exceptional cases that an individual can remain in the same job for more than a certain period); active career management (promotion should be based on rotation and lateral moves, and should be the norm for all agencies); development of the Young Professional scheme (junior professionals should be required to be mobile within the first years of their employment and should be mentored and counselled); effective recruitment process (to encourage the common system to be open to all the UN organizations' staff members); and introducing new financial inducements to encourage mobility, emphasizing that although the cost of mobility is significant, still the costs of rigidity are considerably greater.

The above review on the UN mobility system flagged the importance of studying this relatively new context, especially after it became clear that the situation for these types of expatriates may be different than for MNCs' expatriates, which, in turn, urges further

research to be done in this area, precisely because the literature review showed that little is known about it.

Therefore, one of the purposes of this study, besides studying the MNCs' expatriates, is to investigate the specific situation of intergovernmental expatriates (in UN organizations) and how they adjust to their foreign assignments. Inclusion of both traditional expatriates from MNCs and those from non-governmental organizations provides a unique opportunity to investigate the relevance of the current MNC-expatriate-centric models and to extend these as appropriate.

Moreover, studies of expatriation and adjustment are also characterised by a bias toward studying the experience of expatriates in a limited number of host cultures or regions such as Europe (Selmer, 2007; Lett and Smith, 2009), China (Wang and Kanungo, 2004; Selmer, 2001; Selmer, 2006) or the Pacific Rim (Black and Stephens 1989). Yet the increasing numbers of multinationals around the globe means that the research agenda must be broadened (Lett and Smith, 2009).

In line with this call, the current research aims to address the gap in the literature on expatriates in an unexplored area, in the Middle East region, specifically the Arab Republic of Egypt.

As mentioned above, a key reason for choosing Egypt as the host country is to extend the limited range of countries where similar research has been carried out. Notably, not only are studies in the expatriate domain in Egypt as a country rare, but there is scarcity of studies on the Arab or Middle East region and in writings on Arab management in general (Weir, 2000, 2001). This study will help to close these gaps.

Additionally, the distinctiveness of the Egyptian host environment, manifested in its unique institutional and cultural contexts, is also argued to enrich the proposed model. Although classified as a developing country by the World Bank, Egypt as an emerging economy but equally quite advanced along the path to a developed economy, is argued to be in a transition stage which reflects a distinctive "hybrid transitional host environment" with a characteristic business system, as arising from the complicated nature, role and interaction of the state, the education system, and the regulatory and labour market frameworks.

While distinguishing characteristics of this business environment are discussed in detail in Chapter Four, it suffices to note here that Egypt has been in an important transition period since 1991, with the introduction of a new economic reform program, which partly works alongside the old systems, positioning Egypt as an unusual national business system.

Egypt's uniqueness as a host environment is also mirrored in its cultural distinctiveness. Egypt's culture is argued to be a blend of cultures, derived from its ancient history, its strategic location, Islamic culture, Arabic culture, all counterpointed with a strong influence from globalization, industrialization and changing technology. This distinctive culture will be also discussed in detail in Chapter Four of this study.

To conclude, the purpose of testing the proposed model on international organizations in Egypt is to help extend our understanding of the expatriate adjustment domain and also explore the effects of both the institutional and cultural conceptual paradigms in relatively new national (Egypt) and organizational (MNC and UN) contexts.

In the next chapter, a literature review of all the factors predicting expatriate adjustment to be studied as part of the proposed model will be presented.



## **Chapter Three: Research Conceptual Model and Hypotheses**

The aim of this chapter is to present and develop a new conceptual model of expatriate adjustment which combines previously studied traditional factors and other new variables which this study proposes as valuable additions. A detailed presentation of the literature pertaining to each set of factors will be presented with its associated hypotheses. This presentation will first involve a critique of some of the traditional factors, which will then lead on to the introduction of the new set of variables.

### **3.1. The traditional research variables**

This set of variables associated with expatriate adjustment involves: expatriates' pre-departure training, previous overseas experience, host country language ability, cultural novelty/distance, and organization support.

#### **3.1.1. Pre-departure training**

The challenge to enable people to work effectively across cultures in a global economy has forced multinational companies to provide their expatriates with adequate cross-cultural training (CCT) (Shen and Darby, 2006; El-Mansour and Wood, 2010). Cross cultural training in its traditional form is focused on preparing international assignees; however, it is more specifically designed for targeting cultural issues (Shen and Darby, 2006).

It is hypothesized that pre-departure training is important in facilitating success on expatriate assignment (Black et al., 1991). Research studies (e.g. Tung, 1981) have found a negative correlation between the rigour of a company's selection and training processes and its expatriate failure rate, concluding that the use of more rigorous training programs could significantly improve expatriates' performance in an overseas environment, thus minimizing the incidence of failure.

The Global Relocation Trends Report 2008 showed that cross-cultural training remains popular among organizations worldwide; it documented an increase in the percentage of companies offering formal cross-cultural preparation for international assignments for the three years 2005–2008. In 2008, 84 per cent of companies made this preparation available. Yet the study recorded that in only 23 per cent of cases was participation in the programs mandated, down from a high of 41 per cent in the 2000 Global Trends Survey.

International training is often neglected or poorly handled in MNCs (Shen and Darby, 2006). It has been pointed out that MNCs often doubt the value of training (Brewster, 1995) and that, despite researchers' claims of training importance, the message is not reaching many of these corporations (Littrell et al., 2006). Studies (Tung, 1981; Black, 1988) have shown that only 30 per cent of US companies provided some international training, reporting that top management generally do not believe training is necessary or effective. If available, training will be conducted informally (Black et al., 1999). The most popular form of cross-cultural training is informal briefings, which can be conducted in many ways and vary from a casual conversation with former expatriates or host country nationals to the provision of information booklets on the host country (Brewster, 1995). Recent evidence indicates the use of formal cross-cultural training remains minimal (e.g. Selmer, 2010).

Shen and Darby (2006) identified the common reasons cited in the literature as to why firms neglect preparatory training: training is not thought to be effective; lack of time; the temporary nature of most assignments does not warrant budget expenditures for training; lack of knowledge of how to carry out training and what courses should be offered (lack of training experts and expertise); no need for training because there is a belief that technical skills are the main success factors on assignments abroad; and that the right people do not need to be trained.

In addition, Brewster (1995) suggested that the primary reason for lack of formal training was the wide range of areas which pre-departure training was required to cover. Researchers (e.g. Shen and Darby, 2006; Littrell et al., 2006) have emphasized that this range, as advocated in the literature and implemented by leading western MNCs,

includes cultural awareness training, language training, and orientation (briefing on host environments, job roles etc.).

Moreover, many authors (Brewster, 1995; Tung, 1981; Littrell et al., 2006; Shen and Lang, 2009) state that the components of training programmes should vary according to the country of assignment, culture toughness, type of job, duration, purpose of transfer and the time available, and mode of delivery (pre- versus in-country training). How these issues are addressed in turn impacts on the effectiveness of the training.

Examples of these variations can be seen in Black et al.'s (1999) examination of culture toughness across regions, showing that Africa and the Middle East are the most difficult regions for Americans to adjust to. In Shen and Lang's investigation (2009), it is suggested that cross-cultural training, mainly in the form of short-term international assignments and orientation trips, has a stronger impact on expatriates in terms of cross-cultural adjustment and reducing expatriate failure rate than does in-country training. Thus, pre-departure training appears to be more pertinent than in-country training with respect to impacting on expatriate adjustment.

In addition, it has been argued that training for expatriates appear to be more common in the European MNCs than in the American ones (Tung, 1982). There have been a number of studies showing that the adjustment of American expatriates is lower compared to those from other nationalities (Tung, 1981, 1982), and to their European counterparts (Aycan, 1997), as a result of the poorer quality and frequency of the training they receive. Therefore while pre-departure training has a positive effect on expatriate adjustment its beneficial effects are not always realised as the quality is variable.

Littrell et al. (2006), who unveiled a rich review of literature over 25 years on expatriate preparation, suggested more research on expatriate preparation to develop appropriate training procedures and practices is still needed.

In the current research in order to detect the effect of pre-departure training on adjustment in the Egyptian context and in understanding the dominant forms of training undertaken by the MNCs and UN practitioners, pre-departure training will be included in the model as an important predictor of adjustment. Based on the evidence showing

the importance of training in facilitating adjustment, we would expect that the exposure to pre-departure training would impact positively on the expatriate's perception of adjustment, and therefore formulate the following hypothesis:

**H1a:** Pre-departure training will be positively related to expatriate's adjustment.

### **3.1.2. Organization support**

Another factor that Black's model suggests could facilitate expatriate adjustment is the support provided by the organization. The term organization support sometimes is used to refer to direct and indirect forms of support provided by headquarter or the subsidiary. This loose definition means that in some cases researchers (see for example Andreason, 2003) may refer to pre-departure training as part of the more general term support. Here we use the term organisational support to refer to logistical and general support in the host country such as housing and health care facilities.

Expatriation is a stressful event, because it involves substantial changes in social and professional life. Organizational assistance helps reduce the time the expatriate has to spend on these issues and facilitates adjustment to the new work setting (Aycan, 1997).

Aycan's (1997) model of expatriate acculturation highlighted the important role that organizations play in the acculturation of expatriates. Other scholars have also argued that organizational support may be an important determinant of employees' adjustment and performance (Parker and McEvoy, 1993), yet little research has examined its effect on expatriate adjustment in practice. Kraimer et al. (2001) claimed to be the first empirical study in this domain.

Different forms of organization support were discussed in the literature, ranging from *social support* (through supervisors and work peers—studied by Guzzo et al., 1994; Wang and Kanungo, 2004; Shaffer et al., 1999) and *logistical and general support* (e.g. housing, healthcare facilities or legal requirements for entry such as visa or work permits—studied by Guzzo et al., 1994; Wentland, 2003; Sims and Schraeder, 2005), to *the perceived organization support* (involves supporting employees' well being and welfare—studied by Kraimer et al., 2001).

Several other factors, such as open communication channels, proper performance measures, and appropriate financial incentives have been identified as important in fostering a sense of organizational support (Avril and Magnini, 2007). Avril and Magnini (2007) highlighted the idea of designing a compensation system / plan (or a “basket of benefits”) as an essential component of showing organizational support for the expatriate, proposing that a flexible design is important to satisfy expatriates’ unique preferences.

Aycan (1997) differentiated the source from which support can come. She suggested that, given the dual employment relationship for expatriates, they can receive organizational support from two sources: the parent company and the foreign subsidiary. Though, the parent company will be the initial source of support and provide benefits and services prior to the posting, it can still support its expatriates while on assignments, through maintaining communication with expatriates and the foreign company in order to alleviate any anxieties.

Despite the importance of organization support to the process of expatriation, international companies have not been effective in providing it. For example, Frazee (1998a) showed that only 65 per cent of international placements are satisfied with the healthcare service they receive under their current expatriate compensation benefits package.

Suutari and Brewster’s (2001) study of Finnish expatriates around the world indicated that there were clear deficiencies in what expatriates perceived as the most important preparation support functions and what their companies offered them. It showed that what are perceived as necessary support functions by almost every expatriate (e.g. advice on children’s education) are offered by only a few companies.

In sum, because of the importance of the provision of organization support on expatriate adjustment and due to the fact that most of the writings on the role of organization support is purely speculative with limited empirical based research (Kraimer et al., 2001), this is a key variable retained in the model for investigation here. It is therefore proposed that the provision of organization support (precisely logistical and general

support in the host country such as housing and health care facilities) will impact positively on expatriate adjustment.

**H1b:** Organization support will be positively related to expatriate's adjustment.

### **3.1.3. Previous overseas experience**

According to Black et al. (1991), it is expected that expatriates' previous international experiences would help in decreasing the uncertainties associated with the move, through developing relocation skills and accurate expectations gained from prior experiences. The assumption was that previous overseas experience can be positively related to expatriate adjustment (Black, 1988; Black and Gregersen, 1991). However, this assumption seemed to be made too simplistically (Black et al., 1999) and also not consistently holding empirically (Bhaskar-Shrinivas et al., 2005). When tested, some researchers found a positive relationship with adjustment (Shaffer and Harrison, 1998; Shaffer et al., 1999); others found a negative relationship (Selmer, 2002; Chi and Chiou, 2007), while others have found no significant correlation relationship (Fenner and Selmer, 2008; Bhaskar-Shrinivas et al., 2005). The ambiguity in the evidence relating to the impact of past experience on adjustment led Bhaskar-Shrinivas et al. (2005) to conclude that the relationship was more complex and needed further development and research.

A review of the literature showed that researchers have put forward many reasons for the inconsistent results. For example, Bell and Harrison (1996) proposed that expatriates have to experience the other culture through fully utilizing it. In their view, it is the quality and depth of the experience that should count, and not the amount of knowledge gained of that culture.

Similarly, Black et al. (1999) suggested that the impact of previous international experience would be strong only when the degree of interaction with host country nationals and involvement in the foreign culture is high. They have also added that the "recency" of the prior experience is important, claiming that it will not be accurate to

assume that, because someone worked overseas many years ago, it is a predictor for success in an impending assignment.

Moreover, the location of the previous assignments and its cultural similarities to the current post was also thought to affect the relationship of prior experience to adjustment (Black et al., 1991). Research findings suggest that the more that prior experience is similar in cultural terms to the current one, the greater the impact of past experience on adjustment (Selmer, 2002; Takeuchi et al., 2005).

In addition to this, some research findings have confirmed that prior overseas experience has a powerful moderating and indirect influence, not only on adjustment, but on other predictor variables as well (Shaffer et al., 1999; Takeuchi et al., 2005).

From the above, it is clear that previous experience has a more complex facilitating effect on adjustment. Nevertheless, on the strength of the theoretical argument, a benevolent influence of previous experience is predicted in this research.

And therefore hypothesis **H1c**:

Previous overseas experience will be positively related to expatriate's adjustment.

However, in line with recent research (e.g. Fenner and Selmer, 2008; Lee and Sukoco, 2010), and to accommodate for the moderating power of this variable, this study examines its effect on expatriate adjustment, but was controlled for to test the effect of other variables on the model.

#### **3.1.4. Language ability**

Communication skills are important in cross-cultural adjustment; they are the means to create interpersonal relationships and understanding of new cultures (Mendenhall and Oddou, 1985). Communication relies on a shared language. However the knowledge of a partner's language or use of an interpreter is not enough to create shared understanding between people from different cultural backgrounds (Tayeb, 2003). As Bell and Harrison (1996) noted, the simple knowledge of vocabulary and grammar in two different languages is not enough for an expatriate to have dual fluency. A person

cannot be effective in communicating unless fluent in the host country's language (Takeuchi et al., 2002).

Not only is language important to create communication, but its absence can also create a “language barrier”. According to Tayeb (2003), there are many effects resulting from this barrier, ranging from creating a psychic distance or a psychological separation between two parties from different cultures, which could elevate the perceived culture distance between them, to affecting the rhetorical skills for the second language user (in our case the expatriate) which may lead to loss of self-confidence. Moreover, an expatriate manager as a second language user may risk losing track of a conversation, but to maintain face pretend understanding, and as a consequence sign important documents or make a wrong decision, thereby undermining his/her credibility.

Originally, it was thought that an international company would solve its language barrier with its subsidiaries through sending expatriate managers who can act as a language node linking back to the headquarters. However, according to Tayeb (2003), this solution has not eliminated the language barrier, but shifts it down from being merely a headquarters problem to an expatriate problem or concern.

Despite the importance of this role, evidence (El-Mansour and Wood, 2010; Selmer, 2006) suggests that companies do not train their employees on host country languages. In El-Mansour and Wood's (2010) study, neither the American managers nor the European managers working as expatriates in Morocco had received any tuition in French or Arabic. This was partially explained by the fact that Arabic is a difficult language to learn, which would seem to require longer tuition if attempted.

Another important explanation was the fact that managers rely on English (as a popular language) in their business transactions as well as their daily life communicating with locals (El-Mansour and Wood, 2010). According to Selmer, (2006), it may not pose severe language problems for expatriates in China to interact with local superiors in English since very senior local bosses may be able to communicate in English; however, with local subordinates and peers, it may not be appropriate. This view was supported by expatriates themselves in an early study by Tung (1982), which showed that expatriates' “knowledge of the host country language” is important for only



functional head and operative jobs, whereas communication skills in general, rather than a specific language, are important for the top subsidiary management positions.

Tayeb (2003, p. 210) warned that relying on English as the “lingua franca” of international business could be problematic. She indicated that the distribution of English as a second language is patchy (scarcer in Mediterranean countries). Also, she claimed that the “dominant position of English will be progressively challenged by languages such as Chinese, Hindi, Arabic and Spanish—languages in which multinational business have a dearth of skills”.

From the above it can be concluded that expatriates’ language abilities are important for international companies’ success and also for the expatriates’ own success in their mission abroad.

Most studies have empirically shown a positive relationship between language fluency and expatriate adjustment (Takeuchi et al, 2002; Shaffer et al., 1999; Selmer, 2006; Chi, and Chiou, 2007), but a few others have noted some conditions to this relationship. For example, Bhaskar-Shrinivas et al. (2004, 2005) found that in their study, the reason for getting a non significant association between expatriate’s language ability and work adjustment was due to the moderating character of the host and home countries and the differences in their living conditions. They found that language ability is especially important to work adjustment when an expatriate’s move is from an economically less developed to a more developed host country. They concluded that given that most of the countries studied in the literature are English speaking and have relatively high economic standards, the results suggest that the effect of host country language ability on adjustment is more pronounced when a non-English speaking expatriate is relocated to an English-speaking country than when a native English speaker is relocated overseas (in less developed countries where foreign language ability appears to be less important to adjustment).

Another interesting finding from Shaffer et al. (1999) showed that fluency in the host country language exacerbated the effects of role conflict on adjustment. This was then explained by suggesting that those who are fluent could be more aware of any

contradictory demands from host country nationals and parent company employees; while those who are not fluent may not even notice the conflicting signals.

To sum up, in line with theoretical argument and most of the research findings, this study will examine the effect of language ability on expatriate's adjustment, expecting a positive relationship between fluency in the host language and adjustment.

**H1d:** Fluency in the host country language will be positively related to expatriate's adjustment.

### **3.1.5. Culture distance**

"Culture" is a very hard-to-define concept (Tayeb, 2003). According to many researchers (e.g. Tayeb, 2000, 2003; Harris, Brewster and Sparrow, 2003) it has no single, universal definition on which most people can agree. However, scholars were trying to define culture as early as the 14<sup>th</sup> century. This was initiated by Ibn Khaldun, the founder of Sociology, who recognized the phenomenon of "mental programming" upon which Hofstede (1980, 2001) based his popular definition which views culture as: "the collective programming of the mind that distinguishes the members of one group or category of people from one another". Another well-known definition in Tayeb (2003, p. 10) is: "the historically developed values, attitudes and meanings that are learned and shared by all the members of a given community, and which influence its material and non-material way of life".

In the international management field, and especially in the expatriate literature, the terms culture distance (Church, 1982), culture toughness (Mendenhall and Oddou, 1985) or culture novelty (Black et al, 1991) have been extensively and interchangeably used. These terms refer to almost the same meaning, which, according to the work of Black et al. (1991) and other scholars (Parker and McEvoy, 1993), is the perceived differences between the expatriate's home country and host country cultures.

It is proposed (Black et al., 1991) that these cultural differences increase expatriates' uncertainty about how to behave appropriately, leading to adjustment difficulties. This uncertainty arises for two reasons. First, it is assumed that the greater the number and

degree of differences between two cultures, the more mistakes people can make as they try to live and work in the new culture, and the more depressed people get about making these mistakes, the more defensive and angry they become towards host-country nationals, who are often seen as the cause of their troubles. The second reason is that the ways in which differences are discovered or learned, and the way apologies for mistakes are made, may be different.

Moreover, Black et al. (1999, p. 47) clarified that cultural shock, defined as “the set of psychological and emotional responses people experience when they are overwhelmed by their lack of knowledge and understanding of the new, foreign culture and the negative consequences that follow”, could result when living abroad disrupts expatriates’ known routines, and the more routines are disrupted, the greater the time lost, frustration and anxiety that would result.

These assumptions implicitly included the concept of *culture similarity or asymmetry*, arguing that previous experiences from similar cultures (or home cultures) to the one the expatriate will be assigned to would be a better preparation leading to fewer surprises, or less culture shock, than previous experiences in dissimilar cultures (Black et al., 1991). Hence, the underlying assumption of this is that cultural similarity/dissimilarity may affect the adjustment of expatriates. Thus, it is hypothesized that adjustment problems will be greater in dissimilar cultures than in similar ones.

The relationship between CD and adjustment has been examined empirically, and different results came up showing that this relationship is not always confirmed. For example, in Hechanova et al.’s (2003) meta-analysis, culture novelty was negatively related to adjustment. However, Takeuchi et al. (2002) used structural equation modelling to simultaneously test culture novelty on adjustment, and found no significant correlation with any of the three adjustment facets. Florkowski and Fogel (1999) presented the equivocal nature of the studies testing the relationship between CD and adjustment. Although the hypothesis appears to be, *prima facie*, an easily confirmed proposition, research has shown mixed effects (e.g. Black and Stephens, 1989; Parker and McEvoy, 1993), thus warranting further research.

A detailed review of the literature emphasized the reason why the literature on CD is likely to be equivocal. This reason lies mainly in the way CD is conceptualized and thereby measured.

On the organizational level, in order to study organizational international decisions, Kogut and Singh (1988) used Hofstede's (1980) scores on each of four dimensions (uncertainty avoidance, individuality, tolerance of power distance and masculinity / femininity) for each country to derive a formula for CD. On the individual level (and specifically in the expatriate literature) most studies have relied on Black et al.'s (1991) measure of CD.

Shenkar, (2001), has detected a number of pitfalls in the Kogut and Singh (1988) CD measure. Shenkar (2001) argued that this measure is based on a series of illusions and unsupported assumptions, among which were a) the illusion of the *linearity assumption* of the relationship between distance and adjustment based on similarity, and which implicitly hypothesizes that the higher the degree of culture similarity between the host and home country, the higher the degree of adjustment; b) the illusion of the *symmetry assumption of distance* which assumes that the distance from point A to point B is identical to the distance from point B to A ignoring the role of the home and host cultures. This illusion highlights the importance of the direction between two points; and c) the illusion of the *causality assumption* which suggests that culture is the only determinant of distance. Based on this assumption other non-cultural variables are often excluded or overlooked.

These three pitfalls are believed to apply to Black et al.'s measure of CD and not only to the Kogut and Singh measure as originally investigated. First, evidence on the *linearity assumption illusion* was detected in some of the studies' findings on CD in the expatriate literature.

For example, Selmer et al.'s (2000) study showed that Chinese expatriates were less well adjusted in Hong Kong (similar culture) compared to their western counterparts (from dissimilar cultures).

Also Forster's (1997) study of 36 UK based companies found that the adjustment problems respondents reported from similar cultures (the USA) were the same as

problems reported by expatriates assigned to more dissimilar cultures (China). He concluded that the degree of cultural 'strangeness' of the country does not seem to have any correlation with the international assignment outcome.

In a similar vein, Peterson et al. (1996) stated that Japanese MNCs reported that their expatriates seemed to adjust 'about the same' in different countries, regardless of their degree of cultural similarity to Japan.

An exploratory study (Selmer, 2007), which compared American expatriates in Canada, and in Germany, did not reveal any difference in their extent of adjustment. Although a significant between-group difference in cultural distance was found, confirming that the American expatriates perceived Canada as more culturally similar to America than Germany, no significant intergroup differences were detected for all facets of adjustment and psychological adjustment. In this study, Selmer (2007, p. 185) concluded that, "although highly tentative, the suggestion that the degree of cultural similarity/dissimilarity may be irrelevant as to how easily expatriates adjust is fundamental."

Apparently, Selmer's conclusion was supported by other researchers. For example, Brewster (1995) argued that assigning expatriates to a similar culture can be as much, if not more, of a trying experience as sending them to a very different culture. This proposition was explained by the fact that expatriates when assigned to a different host culture will have the consciousness of dissimilarity always there, as opposed to the experience of those who are posted to similar cultures who often fail to identify the differences that exist in the host culture and therefore blame themselves or their subordinates for any cultural clashes.

Second, the illusion of the *symmetry assumption of distance* and importance of the direction of the move from one country to the other was also evidenced in some studies in the expatriate literature.

One of these studies was that of Selmer et al. (2007). They used two samples; one of US expatriates in Germany and the other of German expatriates in the USA, and compared the adjustment in each group. The findings showed that the German expatriates in the USA were more adjusted than US expatriates in Germany. They thus argued that the

difference in adjustment supported the importance of the “direction” of the move, on CD and on adjustment, rather than just the “distance symmetry”.

Other results from a study of Chinese expatriates in Hong Kong and Hong Kong expatriates in China also supported this argument. Although cultural distance or distance symmetry is the same for each group, Chinese expatriates seemed to adjust more easily in Hong Kong than did Hong Kong expatriates in China (Selmer et al., 2003).

One potential explanation for the directional findings noted above lies in the host country’s conditions. As Harrison et al. (2004) explain, if an expatriate is assigned to a culturally-distant country in which conditions are perceived as superior in some way to the expatriate’s native country (e.g. better economic or political conditions, higher standards of living), expatriate outcomes, such as adjustment, could be facilitated.

Selmer, et al. (2000) showed that the quite different conditions of the modern metropolis of Hong Kong with its high cost of living and crowded conditions compared to any other place on the Chinese mainland, as well as the highly advanced technology of the office equipment used in the workplace, were behind Chinese difficulties to adjust to Hong Kong, despite its similar culture.

Third, Shenkar (2001) has also captured the “causality” illusion in the CD concept, which assumes that culture is the only determinant of distance. In contrast, research has highlighted the importance of including non-cultural variables to form a broader measure of CD. For example, according to Xu and Shenkar, (2002), this measure has failed in capturing the complexity of cross-culture difference through its neglect of the critical role of societal institutions in shaping cultural and social cues. Moreover, Dean et al. (2004) see that reliance on CD as a proxy of country differences has oversimplified the complex issue of national environment, and caused researchers to overlook the impact of other societal institutions.

In addition to the three specific illusions discussed above, Van Vianen et al. (2004) and Harrison et al. (1998) claimed that the CD measure (specifically as Black et al.’s 1991 measure of CD) has ignored deep-level aspects of culture such as values and norms, and only focused on the surface level of the country’s culture, such as food, housing

conditions or climate. They argued that, while they are considered invisible cultural aspects, deep-level cultural aspects could have more impact on adjustment, yet, differences regarding these features of culture have been virtually ignored in the expatriate literature (Van Vianen et al., 2004).

To address this dearth of research, Van Vianen et al. (2004), have examined the effect of the deep-level differences in values, in addition to surface-level cultural differences (as perceived by the expatriates), on expatriates' adjustment to their host countries, and found self-transcendent dimensions of cultural values to interact with each other (expatriates' values and perceived host country nationals' values), affecting expatriates' work and interactional adjustment.

Capturing the deep-level culture aspects was also supported by Friedman, Dyke and Murphy (2009, p. 266), who commented that, "full expatriates' adjustment or mastery of another culture requires acceptance of not only practices but also values; in other words, true adjustment requires deep-level cultural acceptance."

Moreover, not only has CD measure failed to account for the role of societal institutions and the deep-level differences in cultures (as noted above), but also it has ignored the multidimensionality of the culture construct (Takeuchi, Yun and Russell, 2002).

According to Takeuchi et al. (2002, p.1239): "given the multidimensionality of culture (Hofstede, 1980), culture novelty is likely to be multidimensional. In retrospect, the items used to assess culture novelty appear to be deficient in capturing this multidimensionality. Perhaps future research can develop a new and improved scale that assesses the multidimensional aspect of culture novelty."

The above discussion has highlighted some gaps in the theoretical basis of CD and thereby its measurement. Building on these gaps and the calls for another, improved measure, the current study is proposing the "Institutional Distance" (ID) measure as an alternative variable. The present study will extend the scope of the previously-cited works by suggesting that institutional distance as opposed to cultural distance is a more appropriate antecedent to expatriates' adjustment.

However, it is worth noting that, because the logic behind the importance of perceived culture novelty as a predictor of adjustment is straightforward (Takeuchi et al., 2002), in this study we are therefore not denying this concept's effect so much as evaluating it and enhancing its measurement, through introducing a new institutionally-based measure which is thought to overcome some of the weakness in CD measure, and which could have a significant explanatory power on adjustment.

In summary, although there is a considerable body of work suggesting CD will have a negative impact on adjustment, more recent work has begun to look closely at the alternative, non-supportive, research findings and highlighted two problems of relevance to this work. First, the under-conceptualisation of CD concept meant researchers are working with a concept based on flawed assumptions and as a consequence the effects on adjustment are unclear. Second, measurement problems may explain why no effect has been found. Despite the ambiguity of the findings, the importance of CD to debates on expatriate adjustment cannot be ignored. Therefore, CD has been included in this work as a means of testing its effect on adjustment. In addition, the limitations of the measure have been noted and in this study alternative measures that capture more institutional dimensions will also be incorporated into the study. This will allow comparisons between other studies with the same measure of CD and also allow comparison within this study of the effects of CD relative to other variables in explaining any effect on adjustment. Therefore this study considers whether the traditional negative relationship between CD and adjustment holds. Thus,

**H1e:** Cultural distance will be negatively related to expatriate's adjustment.



## **3.2. The new research variables**

### **3.2.1. The institutional factors and Institutional Distance**

The origin of the institutionalist theory goes back to the late 19<sup>th</sup> century; the early institutional literature had been developed mainly in economics, political science and sociology (Scott, 2008). Founded on the discipline of sociology, the strand of institutional literature generally conceptualized as the “new-institutionalism” regards institutions as wider cultural and symbolic patterns that shape organizations, structures or actors and their behaviours and interactions (DiMaggio and Powell, 1983). More precisely, institutions are defined “to be comprised of regulative, normative and cultural- cognitive elements that, together with associated activities and resources, provide stability and meaning to social life” (Scott, 2008, p.48).

The work in this study builds on the concept of institutional distance (ID) as developed by Kostova (1996). Kostova (1996) originally developed institutional distance to refer to the extent of dissimilarity between host and home institutions. She based her measurement of the ID on the Country Institutional Profile construct (CIP). A country institutional profile reflects the institutional environment in that country, defined as, “the set of all relevant institutions that have been established over time, operate in that country and get transmitted into organizations through individuals” (Kostova, 1997, p. 180). Kostova uses the three institutional pillars, identified by the new institutionalist, namely regulatory, normative and cultural-cognitive, to define differences between countries.

It has been hypothesized that these three pillars can be used to assess the ID of two countries and in turn help explain MNC behaviour (Kostova, 1996), the transfer of organizational practices from the parent firm to the foreign subsidiary (Kostova, 1999); host country selection and market entry strategies (Xu and Shenkar, 2002) and entry-mode decisions (Ionascu, Meyer and Estrin, 2004). The general proposition for this stream of studies is that the greater the ID, the more difficulty for the MNC to establish the legitimacy in the host country, which in turn affects the MNC’s behaviour, decisions and strategies.

The present research aims to extend the expatriate literature base through applying Kostova's conceptualisation of ID but adapt it in order to apply it at the individual (expatriate) level rather than at the organisational level as Kostova did. This research argues that by being able to measure the institutional distance between the expatriate's past experience and their current assignment it provides an important insight into explaining expatriate adjustment.

A review of the literature shows that there are two main studies which made the first attempts to introduce the ID concept to the expatriate's literature, namely Dean et al. (2004) and Ramsey (2005). Nevertheless, in Dean et al.'s (2004) study, the main focus was to test the effect of ID on MNCs' expatriate strategy (the number of expatriates to be sent to the foreign subsidiary), while Ramsey's study (2005), in which the concept of ID measured by the three pillars was introduced as an alternative to CD, was based on a theoretical work. However, both studies were useful in providing guidance and a theoretical base for this study, as shall be referred to later.

Next is a detailed discussion of the institutional distance (ID) measure and its hypothesized relationship with adjustment.

### *Institutional distance measure and its effect on adjustment*

Scott (2008, pp. 52-57) has defined each of the three institutional pillars as follows:

The *regulatory pillar* involves the capacity to establish rules, inspect others' conformity to them and, as necessary, manipulate sanctions—rewards or punishments—in an attempt to influence future behaviour.

Secondly, emphasis is placed on *normative* rules that introduce perspective, evaluative, and obligatory dimensions into social life. Normative systems include values and norms. Values are the conceptions of the preferred or the desirable, together with the construction of standards to which existing structures or behaviours can be compared and against which they can be assessed. Norms specify how things should be done; they define legitimate means to pursue valued ends.

Lastly, the *cultural-cognitive* pillar is defined as the shared conceptions that constitute the nature of social reality and the frames on which meaning is made. Symbols, words, signs, and gestures shape the meanings we attribute to objects and activities. To avoid being overwhelmed by a flood of information, individuals construct simplified mental representations to give form and meaning to their environment. Such structures have been called schemas, cognitive maps, belief structures, scripts, and so on. Common scripts and common beliefs are indicators of the cognitive-cultural systems (Scott, 2008). These cognitive frames would in turn affect the way evaluations, interpretations, justifications and predictions are made.

Borrowing Black et al.'s (1991) assumption of the “uncertainty” factor in influencing expatriate adjustment, the present study proposes that un-certainties or discrepancies in a number of areas may affect expatriates adjustment to the host country. These include the explicit or implicit regulatory rules between the host and the home countries environments; the values and norms by which the working practices are shaped in the host country's organizations versus home country; and also the methods by which new host country practices and schemata are interpreted or evaluated.

It is expected that the more these discrepancies are reflected or embedded in the institutions and organizations of a country, the greater the chance for errors that the

expatriates can fall into at work, and therefore the less successful his/her adjustment would be.

Yet, based on theories and assumptions that argue that people normally look for consensual validation for their opinions and behaviour (known as dissonance theory—Festinger, 1957), and that they selectively favour information that is consistent with their attitudes (selective perception assumption) and with their environment (person-environment (P-E) fit theory—Schneider et al., 1995), it is argued that the origin of *uncertainty* stems from the perceived *illegitimacy* of an action the expatriate performs, rather than his/her perception of a cultural distance between his/her home and host environments.

Consequently, the concept of legitimacy is considered the key to understanding the effect of the three institutional pillars on ID and, in turn, adjustment (Ramsey, 2005). Legitimacy is “the generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definition” (Suchman, 1995, p. 574). From an institutional base, “legitimacy is not a commodity to be possessed but a condition reflecting perceived consonance with relevant rules, normative supports, or alignments to cognitive-cultural frameworks (Scott, 2008, p. 59).

For example, if the expatriate is used to taking two days in the week off (Saturday and Sunday), going to an Arab country (which takes only Friday off, or Friday and Saturday), his behaviour would be seen as illegitimate if he were to ask for two days off while his colleagues are having only one day, or to work on Friday and have Sunday off. Thus, the expatriate’s legitimacy as a group member may be compromised if he/she chooses to maintain the old schedule (rule) and forgo the regulative rules of the host country.

Similarly, an expatriate when going to a new environment will try to understand the norms and values, and his/her legitimacy will depend on how well he or she is adapting to the new values and norms (Ramsey, 2005).

Thus, the current study suggests that the more the expatriate perceives differences between his/her home country norms and those associated with the host country

working regulations, norms and cognitive-cultural aspects, the greater the effect on his/her perceived adjustment, proposing a negative relationship. Therefore:

**H2:** The expatriate's perceived institutional distance, between home country and Egypt, will be negatively related to her/his level of adjustment.

It is worth noting that this proposed ID measure would account for some of the pitfalls linked to the CD measure. First, the ID measure includes the essential element of the regulatory pillar, which is lacking in the CD measure. Second, ID accounts for the critical role of societal institutions which was also ignored in CD; and third, it considers the complexity of the "legitimate" condition of the distance expatriates would perceive, rather than the simple cultural differences perceptions.

As an attempt to overcome more of the pitfalls in the CD measure, and to introduce a more detailed measure of institutional features of the host country, another variable was developed.

Specifically for this study, a Country Institutional Measure (CIM) was developed to measure expatriate employees' perceptions of the Egyptian institutional working environment.

This new measure tries to assess the institutional environment in Egypt, as perceived by expatriates, via introducing new institutional predictors to explain how expatriates' perception of (or identification with) this environment could affect their adjustment.

CIM in this study is defined as a measure of "*expatriates' perceptions of the Egyptian institutionally-driven working practices, norms and regulations (WP), and employment relationships (WR), in their international operations.*"

It is important to note that the WP and WR are two components of the same (overall) CIM construct. Each of these two aspects is a separate predictor of adjustment. Both are explained next along with their associated hypotheses.

***Institutional-driven working practices, norms and regulations (WP) and employment relationships (WR) variables as predictors of adjustment***

Regardless of the institutional distance or differences perceived between the host and home countries employment institutional features, it is important to take account of how the specific host country institutional factors apply at the organisational level, and thereby the extent that this application (as perceived by expatriates) would affect expatriates adjustment.

To clarify, according to interviews with three HR employees in petroleum organizations, the process of employment of expatriates in multinational companies in the petroleum sector in Egypt has to follow the new Egyptian labour law (2003). This law places legal requirements (visa requirements, work permits and licenses) and conditions (such as restrictions to specific areas of expertise; limited duration of contract; and numbers of renewals).

Therefore decisions on recruitment, renewal of contracts and termination are shaped primarily by the host country's regulations. Thus, regardless of the regulatory distance, the study proposes that it is important to also account for the influence of host country regulations in shaping the employment practices in the international organization the expatriate is working in. It is assumed that if this influence is perceived to be significantly affecting their practices, then their adjustment could likely be negatively affected.

This therefore raises the following hypothesis:

**H3a:** The more the expatriates perceive the host country's regulatory environment as affecting their working lives, the lower their reported levels of adjustment.

Similarly, it is assumed that expatriates adjustment could be also influenced by the host country's normative and cognitive issues as these are reflected in the employment practices and norms at work. It is further argued that expatriates who can "identify with" these working norms and practices at work, are more able to adjust to their organizations.

The findings of the Brown and Attalla (2002) study on Western managers working in multinational organizations in Egypt support this argument. This study indicated that an expatriate can adapt to a host country's working traits without a deeper understanding of what it is s/he is adapting to. The study found that a majority of respondents emphasized the importance of respecting the Egyptian working culture as the most important, then culture experience as the second most important of the factors which they believe affect their adaptability, while they placed least importance on consideration of their understanding of the culture, claiming that it is not important for them to understand the reasons underlying the behavioural traits they had encountered.

Moreover, recalling Brewster (1995) assumption that expatriation is a "trying experience" for all expatriates either from similar or different home/host environments, implies that 'similarity' is not the key defining factor influence adjustment. Instead, this research suggests that it is the expatriates' ability to detect or identify the country driven institutional norms as they are manifest in the working practices of the country. This ability to recognise these practices may have come from different sources such as pre-departure training, or because the expatriate has past experience of a similar context or the consciousness of a dissimilar culture, but the important issues is the expatriate's ability to recognise that the character of the work practices are host country specific.

In other words, the linear relationship should be between the expatriate's ability to identify with the host country's working institutional environment and adjustment rather than between the expatriates perceived CD/ID and adjustment. Arguing that the more the expatriates (whether from distant or similar institutional environments) would be able to identify with the employment practices that are shaped by the host country's norms and cognitive cultural frameworks, the more they could act in a legitimate way to these structures, and therefore, the more likely they are to adjust.

It is specifically proposed that the more expatriates could recognise and identify with the host country's working practices, which are normatively and cognitively driven, the more they are likely to adjust on their assignment, proposing a positive relationship.

**H3b:** The more the expatriates recognise the Egyptian working practices, which are normatively and cognitively driven, the higher their reported adjustment levels.

Moreover, because institutional factors are different from one nation to another, and drawing on Kostova's argument that the CIP is an issue-specific measure, it is assumed that it would be appropriate to build an institutional measure which is specifically drawn from the study's specific context, rather than a general one that could be applied to all contexts.

The present research suggests, therefore, that to be effective predictors of adjustment, the measures of these institutional pillars have to be "country-specific". In other words, in order to develop a valid instrument, the measure has to reflect the host country's (Egypt) institutional specific frameworks that are deeply embedded in the host country context and also mirrored within its work context.

As part of the attempt to develop more country-specific measures of the manifestation of institutional pillars, this research has also looked at trying to define the *working relationships* in the host country.

The relationship between employees in the workplace is arguably another manifestation of a country's institutional drivers. From an institutional perspective, it is expected that individual organizations within a certain institutional environment are obliged to conform to structures or practices either because this is "taken for granted" or thought to be a rational normative action, or because it is required by the legal framework (Scott, 2008). Moreover, it is assumed that these confrontations could be reflected in the working relationships within these organizations (Tayeb, 2005).

For example, the degree of rigidity of the social hierarchy and the relationships between various social classes and caste systems could vary between nations, and could be to a large extent reflected in working relationships (Tayeb, 2005).

In some societies there is a rigid hierarchy in terms of power, wealth and opportunities, while this effect is less in other cases. For example, class differentiation is not as visible in Scandinavian countries as in the United Kingdom (Tayeb, 2005) and in the United



Kingdom is not as visible as in most Arab countries (specifically, Egypt, Iraq, Kuwait, Lebanon, Libya, Saudi Arabia, and the United Arab Emirates), as shown in Hofstede's study (1980) in the explanation of the power distance dimension. These discriminations can be reflected in the management-employee relationship.

In some countries, legally under their domestic laws, employees could be discriminated against on the grounds of country of origin (local versus foreign) or gender (women versus men). For example, in Arab management practices characterized by hierarchical and centralized structures, particularly in the Persian Gulf region, foreign employees are treated differently from one another depending on their country of origin. Western expatriates are paid relatively higher than the local nationals, who in turn are paid higher than Indian expatriates, even when they all are performing the same job (Tayeb, 2005).

Such differences in the workplace have been explained in the expatriate literature, but from a slightly different viewpoint. The self-enhancement motive (Tajfel and Turner, 1979) suggests that the extent of expatriates' relationships with their host country nationals (HCNs) can be largely affected by how they are viewed by the HCNs. For example, Olsen and Martins (2009) suggested that expatriates from a country that HCNs see as prestigious may be more likely to be adopted as members of the host country common group, as opposed to other expatriates who are perceived by host country nationals to come from a less prestigious country.

Also, from the HCNs viewpoint, a female expatriate in a country in which males dominate may receive more HCN support as the salience of the expatriate's foreigner out-group membership increases. The same phenomenon is expected to occur among male expatriates in a female-dominated society (Olsen and Martins, 2009).

Returning to the institutional discipline, it is argued that laws regulating human resource practices within organizations have to be aligned with governmental policies and programmes, especially in developing countries. However, these laws are thought to be creating some confusions and difficulties for the multinational firms working in these regions (Tayeb, 2000, 2005). As mentioned before, under the 2003 Egyptian labour law, the expatriate recruitment and selection decisions in petroleum multinational companies

operating in Egypt are regulated and based upon the level of expertise or knowledge the expatriates hold. If we adopted the same spirit of Olsen and Martins's (2009) explanation above, it could be argued that HCNs would positively view expatriates who holds a specific rare expertise (which may give them a sort of prestigious distinction) and would therefore be more likely to accept them as members of their social groups and therefore socialize with them.

As a response to the institutional environments or frameworks, organizations could also vary the frequency and nature of their linking or networking structures (Scott, 2008). According to Hall, (1976), societies differ on their communication patterns. Communication in high context cultures such as Japan, China and the Arab countries uses far more expressions than are usual in low context cultures, such as Germany, Scandinavia and the United States.

Again, based on Hall (1976), the proxemics – the use of interpersonal space or distance to regulate intimacy by controlling sensory exposure – differs widely across cultures. The need for spatial closeness is particularly high for Arabs but low for North Americans. For instance, Takeuchi et al. (2002, p. 1228), described a scenario that could happen between an Arab national with an American expatriate as follows: “if a North American keeps their distance from an Arab while talking, the Arab will be likely to think that the North American is cold and uninterested, which will lead to negative emotions. However, if a North American knew the need for closer physical space for Arabs; s/he could behave accordingly, which would lead to better interpersonal relations.”

Generally, the current thinking in the expatriate adjustment literature encourages the expatriate to make an effort to interact with his/her HCN in order to lessen the likelihood of forming a distinctive mindset of “us” versus “them” (Jassawalla et al., 2004).

A study by Wang and Kanungo (2004) on expatriates working in China showed that a balanced network with both local people and peer expatriates involved is helpful to expatriates in obtaining support from different sources and in helping them adjust to the

local environment. Toh and Denisi (2007) refer to the role of host country nationals in this context as “socializing agents”.

From the above discussion, it is expected that if the expatriates recognize that there are certain social customs and institutional or discriminatory factors that could shape their working relationships, then it is more likely this could facilitate their interpersonal relations, and get them to socialize at work.

Thus, the research proposes that the more the expatriates recognize the importance of these specific working relationship factors in building good relationship at work, the better the quality of their interaction with host country nationals and the more likely they would adjust.

Therefore it is hypothesized that:

**H3c:** The more the expatriates recognize the importance of specific working relationship factors in building good relationship at work, the higher their reported adjustment levels.

### **3.2.2. Economic Level**

Although the institutional distance (ID) measure has tried to account for some of the problems associated with CD measures, it still has not accounted for the direction of the move.

To recap, although Selmer’s work (Selmer et al., 2003, 2007) has shed light on the importance of the direction of the move, the effect was potentially explained by the differences between host versus home country economic conditions and living standards, which are expected to affect adjustment (Harrison et al., 2004).

Bhaskar-Shrinivas et al., (2005) have concluded that, sometimes, smaller perceived differences between host and native cultures foster adaptation, especially to overseas living conditions. They then explained their findings (based on Harrison et al.’s (2004) explanations) that some expatriates can take on foreign assignments because they expect the experience of a new culture to be exhilarating, educational, and uplifting.

It is therefore noted that the standards and conditions of the host country versus the standards or conditions of the expatriate's home country should be included in this research as one of the main predictors to expatriates' adjustment. The rationale for this is as follows, taking Egypt as the host country example as this is where the practical research for this study will be conducted.

First, regardless of its importance and its theoretical logic in predicting adjustment, this area has previously been ignored. Second, because Egypt is classified as a developing/transitional country, and since most of the present sample are from established international organizations, working in petroleum and the UN (and presumed to be from high economic development countries), the study provides an ideal opportunity to explore the impact of economic level on expatriate adjustment. Third, in comparison to all other predictors in the model, this factor will be objectively measured and therefore it could give an objective indicator to adjustment.

Consequently, it is assumed that if the economic level (EL) of the expatriate's home country is superior from his/her host country, this would affect the expatriate's adjustment. Thus, it is proposed that the higher the economic level of the home country of expatriates, the less likely they would adjust in Egypt, and vice versa, expecting a negative relationship.

The hypothesis is therefore:

**H4:** The higher the economic level of the expatriate's home country relative to the host country (Egypt), will be negatively related to expatriates' level of adjustment.

### **3.2.3. Last country assignment's effect**

In order to fully account for the direction of the move and its effect on how "distance" should be measured, it was crucial to include the last country assignment of the expatriates.

Because the nature of expatriation is not stable and assumes expatriates move from one country to another, it should then be expected that the direction of their moves if

measured in terms of distance should be in relation to the “last country assignment” versus “host country” as opposed to relying only on the home country of the expatriate. In many instances the expatriate may not have lived in their home country for many years. Yet most of the distance measures (e.g. CD) in the international management discipline and expatriate literature are based on measuring differences between home and host countries, while ignoring the “Last” versus “Host” base.

Aycan (1997) and Black et al. (1999) flagged the importance of the recent experience the expatriates have had and its effect on the current assignment, stating that previous assignments in the *immediate past* prepare managers for the upcoming post better than those which took place a long time ago.

Also, based on the pilot work, some of the expatriates at the UN tend to compare to their past experiences based on the last assignment posting rather than their home country. This may be because of the relatively long expatriation assignments compared to those experienced in MNCs.

The basic rationale behind the value of recency as proposed in this study is that it enhances the judgement the expatriate could make regarding his/her current experiences, based on fresh memories of experiences, rather than older ones.

Nevertheless, because it is assumed that home culture is embedded in individuals, and also because there could be some expatriates with no previous experiences before the current one, then the “home versus host” country level of comparison would still count as a valid and important measure of distance in this research.

To sum up, the ID and the Economic level (EL) variables proposed in this study were measured twice based on: (home versus host) and (home versus last country assignment) comparisons.

Having said this, it should be noted that all the hypotheses pertaining to the ID and EL variables, are to be recognized in both directions, and not only as worded earlier, and consequently two more hypotheses are to be considered:

- 1) *Last-Economic level relationship with adjustment*: the higher the economic level of the last-country assignment of expatriates relative to the host country (Egypt), the

less likely they would adjust in Egypt, and vice versa, expecting a negative relationship.

**H5:** The higher the economic level of the expatriate's last-country assignment relative to the host country (Egypt), will be negatively related to expatriate's level of adjustment.

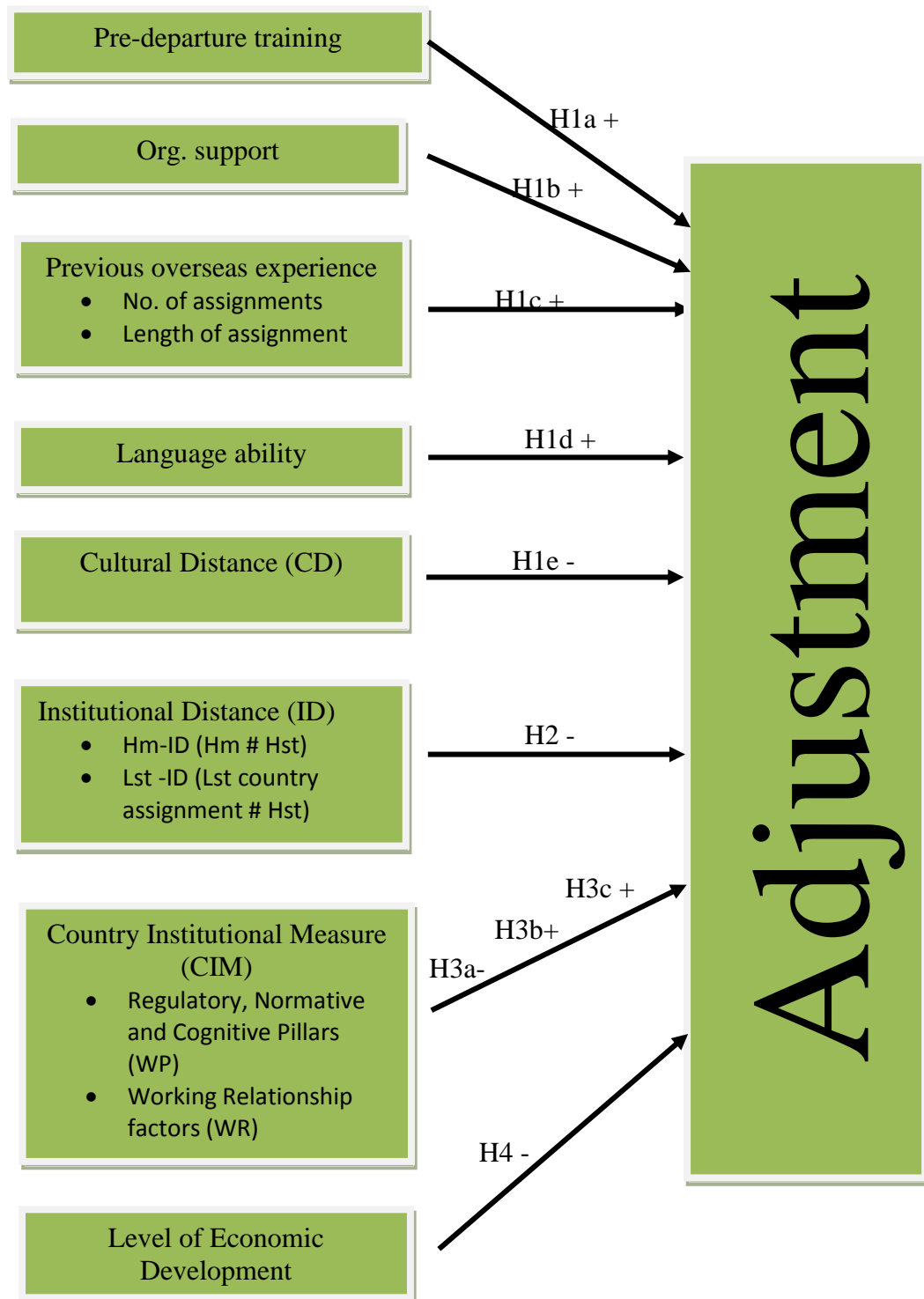
- 2) *Last-ID effect on adjustment:* the more the differences perceived by the expatriates between Egyptian working regulations, norms and cognitive-cultural aspects, and those of their last country assignment and host country, the lower their perceived adjustments, proposing a negative relationship.

**H6:** The expatriate's perceived institutional distance, between the last country assignment and Egypt, will be negatively related to his/her level of adjustment.

Presented next is the suggested research model including all the independent variables as antecedents to expatriate adjustment, along with all the hypothesized relationships.

### 3.3. Research Model

Figure 2: Research model



### 3.4. UN versus MNCs related hypotheses

Although the institutional environment affects individual organizations' practices, it is argued that the institution-organization relationship has started to be a two-way relation, with modern organizations becoming "active players, not passive pawns" (Scott, 2008, p. 178). Modern research designs are trying to examine the proposition that institutional forces shape and are shaped by organizational actions.

Based upon this fact, it is expected that the two sampled organizations (MNCs and UN) would have different relationships with the Egyptian institutional environment and, therefore, it is assumed that their expatriates' adjustment may differ, and some clues have directed this argument.

For example, contrary to the petroleum expatriates, for the UN expatriates, the host country's regulatory influence could be very mild. According to a HR interview with a respondent in the WHO organization, the UN expatriates, as diplomats in the host countries, do not need to get a visa or work permits, or even report to police forces in the country.

Moreover, the interviews also revealed that the UN, as an international organization, could have a high degree of standardization in its working practices, rules and regulations, forming a sort of closed system or a "bubble" within which the UN employees are managed across borders rather than according to a local host country influence, and therefore raised the question whether this standardization could, in turn, have an effect on the adjustment of the UN expatriates.

The notion of a *common system* of mobility, as described earlier, and its importance to the whole UN system, supports the presence of *standardization* within the UN expatriates process and experiences (despite the presence of some differences between specific organizations, programmes and agencies), which is hypothesized to have a positive effect on the adjustment of the UN expatriates.

Thus, stemming from the above, this study proposes two exploratory hypotheses:

**H7:** UN expatriates would have a higher level of adjustment compared to their MNC counterparts.



**H8:** Relative to the MNC expatriates, the UN expatriates are more likely to perceive their working practices to be shaped largely by their international organization rather than the Egyptian host country practices.

It is important to recall that the primary objective of this research is to test the effect of the organizational, cultural and institutional predictors on adjustment, through examining the explanatory power of more traditional variables introduced by the Black et al. (1991) model, against the new suggested variables, on the whole sample in this study; therefore drawing a specific hypothesis (as pertaining to each variable on the model) based on each of the UN/MNC samples is outside the scope of this research. However the research design provides an ideal opportunity for the descriptive exploration of differences and similarities between the UN and MNC samples, and also for understanding how adjustment in each sample is explained.

The next chapter explores the Egyptian cultural, institutional and organizational environments, and draws a general picture of the context of this research, the Egyptian context.

## **Chapter Four: Egypt as a Host Country**

The purpose of this chapter is to identify the key features of Egypt as a host country context which shape the organizational practices and cultural context in which UN and foreign-owned companies operate; and which in turn are argued to affect expatriate experiences of the adjustment process. The chapter is divided into three main parts: The first part defines the Egyptian institutional context in terms of key social and business institutional features. The second part provides a description of the Egyptian cultural context as it pertains to the main norms and values shaping the Egyptian culture. Finally, the third part identifies working practices and norms which, as argued, are the artefacts of the Egyptian institutional and cultural frameworks.

### **4.1. Introduction**

Egypt is an Islamic, Arab republic located in the northern part of Africa in the Middle East, in a strategic location in Africa and close to Asia and Europe.

This location has made Egypt an important link between the Arab world and the West, and which also made it attractive for MNCs to invest in. Egypt has the largest population of any Arab nation, and this is rapidly growing (69 million in 2003-04 to 81 million in 2009-10) (World Fact Book, 2010). This rapid growth is complicated by the fact that its cultivable land is extremely scarce relative to the size of its population (Zohry, 2007).

Over 95 per cent of Egypt's population is concentrated in the narrow ribbon around the Nile River and Delta, which represents only around 6% of the total land area, with 16 million residing in Cairo and 6 million in Alexandria (AmCham Egypt, n.d.), making it among the most densely populated countries in the world (Parnell and Hatem, 1999). This fact has had important implications for social relationships, as will be explained later in the chapter.

The Arabic language is the official language. English and French are widely understood by the educated classes, but not by the majority of Egyptians. This reflects the difference in education levels and economic gaps between the social classes in the Egyptian community.

Of the many Arabic dialects, the Egyptian dialect is the most widely understood, due to the influence of Egyptian cinema and media throughout the Arabic-speaking world (AmCham Egypt, n.d.).

## **4.2. Egyptian institutional context**

### **4.2.1. Economic context and legislative framework**

Egypt's Gross Domestic Product (GDP) (purchasing power parity) has reached 470.4 billion US dollar, while its real GDP growth rate was 5.1 per cent as at 2009/10 (World Fact Book, 2010). Real GDP per capita has increased over the period 2005-2010 from 1,804 US dollars to 2,680 US dollars. The private sector share of GDP grew from 61 per cent in the 1990s to 72 per cent in 2003-4, but fell back to 63 per cent in 2008-09 (AmCham Egypt, 2010).

The four main sources of national income in Egypt are tourism, remittances of Egyptians working in other countries, proceeds from the Suez Canal, and the oil and petroleum sector. According to the World Fact Book, 2010, approximately 50 per cent of the country's GDP is produced by the service sector, which also hires half of the labour force (51 per cent) as compared to the agriculture sector (13 per cent share of GDP with 32 per cent of the national labour force) or the industrial sector (37 per cent of GDP with 17 per cent of the labour force).

The growth of foreign direct investment (FDI) in Egypt was sluggish during the period 1974–2003 (Massoud, 2003), but due to recent economic liberalization measures, it has increased considerably in the past few years, rising from \$3.9 billion in 2004/2005 to \$11.1 billion in 2006/2007 (AmCham Egypt, 2010).

It is worth noting that the above indicators are the figures recorded for the period before the eruption of the 25<sup>th</sup> of January 2011 revolution. The revolution and its associated political unrest have dramatically affected the Egyptian economy. According to a special issue of the Al-Ahram newspaper on the cost Egypt has to pay for the overall political change to happen, Egypt is losing at least \$310 million per day, GDP growth for 2011 was forecast to drop to 3.7 per cent, and the Egyptian currency could see a depreciation of up to 20 per cent (Abdel-Razek, 2011). The inflation rate increased to 11.5 per cent in March 2011, according to the Central Agency for Public Mobilisation and Statistics (CAPMAS).

The most important laws that affect FDI are the Companies' Law 159/1981 and the Investment Law 8/1997 (Massoud, 2003). The majority of foreign companies choose to register under Investment Law No. 8. This law allows 100 per cent foreign ownership and helped open the Egyptian market for more investment (Louis et al., 2004).

Generally, Egypt's legal system is founded on both Islamic and civil law concepts, with substantial European influences. It is complex and at times bureaucratic and inefficient (Egypt Oil and Gas Report, Q3, 2010). Louis et al. (2003) reported that the Egyptian legislative system contains a number of weaknesses, such as the absence of an overall, comprehensive regulatory framework; the unconstitutionality of many laws; and the speed with which laws are passed and the frequent amendment of laws, which reflect negatively on the credibility of the legislative process.

#### **4.2.2. Role of state, political context and administrative framework**

During the 1950s, the country followed a highly regulated economic policy, with state control over a significant proportion of the economy. In the 1970s and mid 1980s, the government launched the new "Open Door" policy (*Infitah*) which aimed at opening the economy through reducing state control, encouraging a greater role for the private sector, and partially liberalizing the trade sector. To continue developing the economy, in 1991 the Egyptian government launched the Economic Reform and Structural Adjustment Program (ERSAP), which aimed at economic liberalization, institutional

reform, creation of free markets and, most importantly, increasing foreign investment inflows (Louis et al., 2004; Ghoneim et al., 2004).

However, despite privatization and the reduction of state intervention having been on the Egyptian government's agenda since the 1980s, state control continues to impact negatively on the functioning of the Egyptian market. From Louis et al.'s (2003) study, it was concluded that bureaucracy and the frequent, yet unpredictable, nature of state intervention were seen as persistent problems for foreign investors.

The Economic Freedom of the World 2010 Annual Report (Fraser Institute, 2010) rated the degree of economic freedom in Egypt in 2006 to be 6.7 on a scale of zero (most free) to ten (least free). In 2008, Egypt's economic freedom was ranked 80<sup>th</sup> out of 142 countries in world. Nevertheless, relative to the 2006 and 2007 indices (when Egypt was ranked 78<sup>th</sup> and 77<sup>th</sup> respectively) it can be seen that the steady reform measures Egypt has taken have resulted in steps towards greater economic freedom.

Politically, Egypt's score for political freedom was quite low. According to the Freedom in the World Report (Freedom House Inc., 2011), which attempts to measure the degree of political rights and civil liberties in every nation, Egypt scored at 6 and 5 respectively on a scale from 1 (most free) to 7 (least free)—declaring a “not free status”.

Though fourteen active political parties comprised the political structure in Egypt, the National Democratic Party (NDP) maintained the bulk of seats in the People Assembly (81 per cent of seats in 2010 Egyptian Parliamentary election), indicating one main party maintained tight control over the domestic political scene in Egypt (The Economist Intelligence Unit Limited, Egypt Country Report, April 2010). This party was dissolved after the January 2011 revolution.

Administratively, Egypt has also been plagued by poor productivity and administrative and managerial problems (Sidani and Jamali, 2010). For example, licensing and operating or closing a business is difficult and heavily regulated by an intrusive bureaucracy.

Egypt scores an unimpressive 2.8 out of 10 in Transparency International's 2009 Corruption Perceptions Index, putting it in joint 111<sup>th</sup> place (with eight other countries)

out of 180. There have not been any reports of this impacting negatively on foreign investment projects, as the focus of corruption allegations tended to be political (Egypt Oil and Gas Report, Q3 2010). Business corruption was mainly within public organizations, and it was aligned with political corruption as was revealed by the legal investigations done after the January 2011 revolution.

The Global Competitiveness Report (GCR) and the Arab World Competitiveness Report (AWCR) highlighted the importance of the effect of corruption in Egypt on Egyptian businessmen. The AWCR showed businessmen held a very negative view of their government's performance. Among other variables, they perceived burdensome administrative regulations and wasteful government spending (El-Mikawy, 2003).

With the increasing pressure to reform the administrative structure, especially with regard to the economy, reform attempts have taken three routes: training of existing personnel (leadership centres), abolition of existing units (Ministry of Economics) and the creation of better trained and paid parallel units/ cadres to work as advisors and assistants in various ministries (e.g. Ministry of Economics; Foreign Trade; and Ministry of Finance) (El-Mikawy, 2003).

The result of these reforms has been modest. The parallel structures have improved the capacity of certain ministries, leaving other core cadres untrained and de-motivated. Also, focusing on the ministerial level in the capital city has left local levels and specific agencies unaffected (El-Mikawy, 2003).

#### **4.2.3. Education sector**

Despite the fact that Egypt has been home to some of the best intellectuals, inventors, Nobel prize winners and scientists in the Arab world (Sidani and Jamali, 2010), the education system shows many weaknesses.

While the government has invested heavily in expanding education in terms of providing access to and spending on education, this expenditure was insufficient to provide full access to good quality education for a rapidly growing population (Galal, 2002). The education system suffers from high student-teacher ratios in classes,

deteriorating maintenance in schools and a curriculum which mainly depends on memorization and on a one-way teacher-led learning style (Tayeb, 2003); and teachers resort to giving private lessons due to weak salaries and incentive structures (Hatem, 2006).

With respect to education outcomes, the persistent increase in the number of graduates with certain educational qualifications (especially among the intermediate/secondary level graduates) for which there is already a pool of unemployed with similar qualifications suggests that there is a mismatch between the education system and labour market skill needs (Galal, 2002).

A random survey of the views of the private sector regarding the constraints they face in initiating and conducting business in Egypt, found that the lack of skilled labour and managerial staff both rank high on the list of constraints (Galal, 2002). Also, the European Training Foundation 2001 report (cited in Leat and El-Kot, 2007) identified that the shortage of necessary skills in the context of new technologies and the skills requirements of incoming investors and the weakness of the vocational education training system, are the major problem areas in Egypt.

In order to promote quality in education, several aspects or conditions should be available. The United Nation Developmental Programme (UNDP), in the Egypt Human Development Report (2005) has named some “pre-conditions to quality education”, some of which are: decentralization and democratization (where decision making and financial autonomy should lie at the school level rather than the state level); developing a culture of quality (through the development of standards and methods of measurement); and a culture of rights (to develop the sense of social responsibility and entitlement among the society, service providers, parents and students).

Egypt has undertaken reforms to improve the accreditation, performance evaluation and financial systems in education. At the same time, Egypt has allowed private and international schools (providing international degrees such as British GCSEs and American diplomas), in addition to private and international higher education institutions (the most recent are the German and the British Universities in Cairo), to flourish. However, according to El-Mikawy (2003), this proliferation of private

initiatives has transformed many of the welfare rights of ordinary citizens into marketed commodities and the preserve of those who can afford them.

#### **4.2.4. Labour market**

With a population of over 80 million, Egypt is rich in human resources; its business people are experienced in the markets of its neighbouring countries, and it possesses a good mix of unskilled, semi-skilled, skilled and highly qualified labour (AmCham Egypt, n.d.). Egypt's workforce, close to 26 million, is an excellent source for productive, inexpensive labour. The growth of Egypt's labour force has averaged about 2.5 per cent annually in recent years; with 9.7 per cent unemployment rate which dropped from double figures (11 per cent) in the period 2003–2005 (AmCham Egypt, n.d.).

An estimated 47 per cent of Egypt's economic establishments are in the Cairo and Alexandria governorates, which host 25 per cent of the labour force (AmCham Egypt, n.d.).

From the 1950s to the 1990s, because most companies were state-owned and autocratically run, there was a considerable gap between employers and employees with respect to terms and conditions of employment. Two labour laws governed human resource management during this time, namely Laws: 91/1959 and 137/1981. Under these two laws, recruitment in the public sector was based firmly upon set rules and procedures, and promotion was seniority-based. Labour laws were mainly enforced in public sector enterprises, however, in privately owned businesses, most of which are small and medium enterprises, recruitment was based mainly on word of mouth or through the system of connections known as “*wasta*” in the Arab world (Hatem, 2006).

To gain flexibility, private employers used to avoid tax and insurance obligations by not providing their employees with employment contracts, insurance or even by making them sign undated resignation letters before taking on the job (Ghoneim et al., 2004; Hatem, 2006).

However, this picture started to change slightly after the introduction of the new Unified Labour Law No. 12 (2003) which was promulgated to replace two obsolete laws of



1959 and 1981. The new Law comprises 257 articles that address all legal aspects regulating the Egyptian labour market. The new law aims at increasing private sector involvement and at the same time achieving a balance between employees' and employers' rights. Amongst the most important issues that the new law addresses is the right of an employer to fire an employee and the conditions pertaining to this, as well as granting employees the right to carry out a peaceful strike according to controls and procedures prescribed in the new law.

The 2003 labour law also established guidelines governing collective bargaining between employees and employers. Workers may join trade unions (about 27 per cent of the Egyptian workforce belongs to a trade union), but this is not mandatory. All trade unions are required to belong to the Egyptian Trade Union Federation (Egypt Oil and Gas Report, Q3, 2010).

HR policies and practices in Egypt vary widely among companies depending upon their sectoral characteristics. Hatem (2006) has noted the difference in the HR policies between MNCs, public organizations and private enterprises working in Egypt. MNCs are incorporating HR functions that are mostly people-oriented, such as adding on-the-job training and ensuring recruitment is qualification-based and promotion is merit-based. However, although the new law calls for it, these people-oriented investment trends have not yet been applied in public enterprises or even widely used within the private sector (Hatem, 2006). For example, nepotism or *wasta* still dominates most public and private companies' decisions in recruitment and selection, and sometimes in promotion decisions.

Also as a part of the new labour law, a National Council for Wages was formed to determine minimum wages at a level reflective of the cost of living and to balance between salaries and prices. The Council of wages has determined that minimum annual raises should not be less than 7 per cent of an employee's base salary. Foreign companies frequently pay higher wages and attract workers with higher than average skills; however, many foreign companies have expressed the need for skilled managers in Egypt (AmCham Egypt, n.d.).

The law also alleviated restrictions on foreign employment, previously regulated by the 1982 law, regarding foreigners' numbers and compensation. The number of non-Egyptian employees in any establishment must not exceed 10 per cent of the total work force for unskilled or semiskilled workers, while for skilled workers the limit of non-Egyptian labour is 25 per cent. The total compensation of foreign employees was expanded from 20% to a maximum of 35 percent of the total payroll of the establishment (Hatem 2006; AmCham Egypt n.d.).

Moreover, the new law covers issues regulating the special requirements for foreign residents and employment in Egypt (the foreign population is 0.36 per cent of total population—AmCham Egypt, 2010). According to the law, foreign employees in Egypt have to obtain work permits and follow the corresponding regulations issued by the Egyptian Ministry of Manpower and Emigration in this regard.

Work permits are easier to obtain for technical staff than for unskilled or semi-skilled workers. Work permits are usually granted to foreigners for a period of one year or less. They may also be issued for a period exceeding one year after settling the relative fee for the requested period (AmCham Egypt, n.d.).

Documents necessary for obtaining work and residence permits for foreigners in Egypt are different and constitute different and lengthy channels. Among the most important steps are: the memorandum justifying the recruitment of the foreigner for the job, stating the reasons for not recruiting an Egyptian and the tasks assigned to the foreigner, together with the name of the Egyptian assistant whose qualifications and experience are consistent with the foreigner; in addition to obtaining the approval of the concerned security authorities (AmCham Egypt, n.d.).

Based upon statistical records from the Egyptian Ministry of Manpower and Emigration for year 2005 (the latest published report), the total number of foreign workers holding work permits and residence permits was 17,456 (not including refugees and other foreigners married to Egyptian citizens). These working expatriates are usually highly skilled people and have professional careers: 40 per cent of them come from Arab Countries, 30 per cent from Europe, 25 per cent from Asia and only 8.5 per cent come from America and Australia (see Table A1 in Appendix 1).

#### 4.2.5. The role of religion

Religion, whether it is Islam (Muslims, mostly Sunni, form 90 per cent of the population) or Christianity (Coptic Christians constitute 9 per cent of the population, others 1 per cent), has a pervasive role in Egypt. For an Arab, religion can reflect all aspects of his or her daily life. Specifically in Egypt, religion can be expressed in numerous ways, from decorations in homes and cars to the printing of the Quranic formulas at the top of the letterheads, memos, reports and personal letters (Parnell and Hatem, 1999).

Islam is a comprehensive religion covering social, political and military precepts as well as the piety of the soul and the moral aspects of individual behaviour (Ali, 1996).

Tayeb (2003, p. 96) summarized the Core Islamic Values. Among them are: sincerity and passion for excellence, justice, truthfulness, patience, nobility; and the “*niyat*”—every act has to be accompanied by the intention; and “*Itqan*”—conscientiousness and being knowledgeable in all endeavours. These values not only shape the individual behaviour in general, but also the work-related values shape expectations of employees and their behaviour, as well as the approach of management in the workplace (Ali, 1996).

According to a number of authors (e.g. Yousef, 2001; Parnell and Hatem, 1999; Ali, 1996; Hutchings and Weir, 2006), Islam affects cultural and managerial practices in the Arab world. For example, Tayeb (2005, p. 77) summarized these Islamic influences to include dedication to work, creation of workplace harmony, cooperation and brotherly relationships, obedience to leaders—but with no blind subservience—and engagement in economic activities is an obligation.

Moreover, Yousef (2001) and Ali (1996) discussed the concept of an Islamic Work Ethic (IWE) which has its origin in the Quran and the sayings and practice of Prophet Mohammad. The IWE shows that Islam stresses that dedication to work is a virtue, calling for equitable and fair distribution of wealth in society, and encourages humans to acquire skills and technology. However, it counsels against begging, refuses laziness

and the waste of time through idleness or engaging in unproductive activity. The IWE also emphasizes cooperation and consultation in work as a way of overcoming obstacles and mistakes; work competition and creativity in order to improve quality; as well as work independence as a means of fostering personal growth and satisfaction.

Moreover, Yousef's (2001), study suggested that those who follow the IWE tend to be more committed to their organizations and presumably more satisfied with their jobs.

Nevertheless, Ali (1996, p. 15), noted two important points that could affect IWE: first, "Arab individuals are infatuated with ideal forms, even when they know these forms are contradicted by reality." He argued that Arabs' admiration of the work ethic may not mirror that of Arab society as a whole, proposing that the endorsement of the work ethic reflects a commitment to principle rather than practice. For example, he argued that a higher score by Arab compared to Western managers on work ethic does not mean the former are more productive.

Second, the assumptions of the IWE are based on early Islamic principles and practices, which are not known to the majority of the Arab population. Ali (1996) argued that a large segment of the Arab and Islamic people are not familiar with their genuine culture or their Islamic precepts and tend to violate them in reality and he attributed this to the discontinuity of Arab culture because many parts of Islamic society have come to treat foreign practices and rituals as their own.

Despite this fact, there are some cultural qualities that Arabs have been able to preserve generation after generation. Details on the dominant cultural aspects and values in the Arab world and particularly in Egypt are presented next.

### **4.3. Egyptian socio-cultural context**

The culture of Egypt has six thousand years of recorded history. After the Pharaonic era, Egypt came under the influence of Hellenism, for a time Christianity, and, later, Islamic and Arabic culture. Today, many aspects of Egypt's ancient culture exist in interaction with newer elements; including the influence of modern Western culture.

Parnell and Hatem (1999) describe Egyptian culture as a blend of the Islamic, Arabic, and Middle Eastern neighbouring societies' cultures. Nonetheless, Hatem (2006) suggests that Egypt has also developed its own unique culture which was shaped by its rich ancient history and its long modern history of colonialism (especially French and British colonialism), several wars and its strategic location.

Following most research on Egyptian culture (Leat and El-Kot, 2007; Parnell and Hatem, 1999; Hatem, 2006; Brown and Ataalla, 2002), this study will describe the socio-cultural context mainly through Hofstede's (1980) cultural dimensions along with some references to other models (e.g. Hall, 1976; Trompenaars, 1993) whenever relevant.

According to Hofstede (1980), Egypt (among the Arab country group in his study) is classified as having a high power distance index (PDI), moderate uncertainty avoidance, low individualism and moderate masculinity.

Egypt is exemplified by high *power distance (PD)* which shows individuals' expectation and acceptance that power is distributed unequally in their society. In Egypt, PD is characterised by the acceptance of a superior's opinion simply because it emanates from one's superior (Parnell and Hatem, 1999). This trait could be explained by many aspects: Brown and Ataalla (2002), for example, simply traced it back to the time of the pharaohs, when with a charismatic and authoritarian pharaoh the country flourished.

In a similar vein, Tayeb (2005) explained it by the traditions of Arab society in general (traced back to the Bedouin way of life, where older people are respected and feared, holding the power of the "Majlis" or the tribe and having the final word in any decision, normally after consultations) while Hatem, (2006) explained it by the hierarchical structure of modern Egyptian society showing existential inequality.

PD could also be explained by various institutional features in the Egyptian context per se, for example, based on Hofstede's (2001) work:

*Politics:* political representations were ruled by mainly one active party-NDP, under which the government is mainly led. *Economy:* throughout Egypt's history, power

rested mainly in the hands of the state which in turn provided the power holders with status and wealth. *Family (based on Islamic teachings)*: though Islam stresses equality, respect for parents and older relatives is a basic virtue that lasts through life. School students (based on the Egyptian education system) are totally dependent on the teacher (who has dominant power in class), and education is mainly a teacher-centred system.

As with most Arab countries, Egypt is also characterized by a moderate level of *uncertainty avoidance (UA)*, which is the extent to which the members of a culture feel threatened by uncertain situations. Nonetheless, Parnell and Hatem (1999) noted that the relative immobility of the Egyptian people because of their dependency on the Nile might have decreased their tolerance for uncertainty as compared to many of the other Arab countries characterized by harsher natural environments where movement in search for food and work has historically been a more critical issue.

Still, this relatively *moderate* level of UA in Egyptian society could have originated from the institutional context which involves both high and low signs of UA, as interpreted in Hofstede (2001). For example: in schools, teachers are supposed to have all the answers, and parents are seen as extensions of the teacher (reflecting high UA), yet motivation is based on hope of success (low UA). In the legislative system, many and precise laws and regulations are present in the legislative system (high UA).

Relevant to the both the PD and UA concepts, Egyptian culture could also be characterized as a “high-order” culture which attempts to reduce ambiguity and uncertainty and to make events predictable and interpretable. Egyptians tends to view conflicts as threatening, and are less willing to take risks and therefore perceive a need for precise rules and procedures that come from an autocratic decision making process (Parnell and Hatem, 1999; Hatem, 2006).

Egyptians can also be classified as a *Collectivist* people, who emphasize group interests over individual interests and value group harmony, family, relationships and spirituality over efficiency (Hatem, 2006). In Egypt, loyalty to one’s group and building strong relationships take precedence over the task requirements of the job. This trait is also found in most of the Arabic nations and could be based on Islamic values that emphasize harmony and brotherhood, or in the Arabic family and tribal traditions

(Tayeb, 2003). Friendship is a cornerstone of Egyptian culture, however Egyptians' primary obligations are to parents and family, which could override those to friends and work (Parnell and Hatem, 1999).

Thus, Egyptian culture can be described as a personal culture where emphasis is placed on affiliations and personal qualities, and as a result individuals define themselves in terms of their affiliations.

Saving face and self-respect are of great importance in the Egyptian culture. Hatem (2006, p. 205) shows that, "Egyptians hate to say no, a phenomenon which may appear to Westerners as dishonest and lacking in integrity, but is instead the result of a strong desire to preserve harmony."

To avoid confrontation and as a mechanism to say what would otherwise be unacceptable, Egyptians also use humour (an embedded character in Egyptian society). In Egypt, humour is also used as a tool to lift their spirits from day-to-day harshness and stress (Hatem, 2006).

Moreover, because of its high context culture (Hall, 1976), Egyptians tend to communicate more verbally and through expressions. Communication is an important aspect in Egyptian culture and Egyptians are usually expressive and readily display emotions, where affectionate body language is an acceptable form of behaviour (Hatem, 2006).

Also, in Brown and Ataalla's study (2002), the majority of sampled expatriates, working in Egyptian organizations affirmed experiencing the Egyptian cultural trait of words taking the place of action.

Although these signs of informal relationships are obvious and important, Egyptians are formal in terms of valuing social customs and rules, and in having a strong sense of and pride in their history and traditions (Hatem, 2006).

From all these specific traits, it is no surprise that Hofstede (1980) classified Egypt as collectivist in context, or, as Trompenaars (1993) would describe it, an *affective* and *diffuse* culture.

Again through interpreting Hofstede (2001), the institutional context in Egypt seems to support this low individualism culture, manifested in the unbalanced political groups; a long history of state socialism; and the presence of rigid social and occupational class systems.

Hofstede's (1980) fourth dimension, *masculine/feminine*, refers to the distribution of roles between the genders in a society. In his study, the Arabic countries score as moderately masculine, indicating a relatively more male-dominated culture. However, Weir (2001) argued that in Arab culture the masculine role attributes are mediated by certain factors that are seen by Hofstede (2001) as feminine attributes, such as the requirement to have good working relationships with one's direct superior, to work with people who cooperate well with one another, to live in an area appropriate to one's self image, and to have employment security so that one will be able to work in the interests of one's family and enterprise as long as one wishes. This argument claims the presence of more feminine attributes in the Arab world than originally suggested by Hofstede.

Moreover, there is another argument which views Egypt to be specifically more feminine than the rest of the Arab world. For example, Sidani and Jamali (2010, p. 446) argued that, "the Egyptian society witnessed the emergence of the most notable emancipation movements in the Arab world in the twentieth century and has been at the forefront of active feminist movements and thinkers."

Nevertheless, the gender inequality could be more obvious if compared to Western attitudes. The experience of Garson (2005), a United States professor working in Egypt, is informative. She expressed that she had some problems adjusting when she first came to Egypt, among them was the inequality she felt just because she is a female in a masculine community.

Therefore, the evidence suggests that the Egyptian masculine dimension may be relatively lower than other Arabic cultures but still higher than in Western cultures. Sidani and Jamali (2010), although they defended the idea of feminist movements, they still argued that there are some conservative attitudes, at least among male segments of the Egyptian society, which imply less career opportunities for women and greater tolerance for a ceiling to women's career progress and development.



A fifth dimension of culture (Hofstede and Bond, 1988) is *time orientation* (long term vs. short term). Long term orientation “stands for fostering of virtues oriented towards future rewards, perseverance and thrift”, while short term orientation “stands for fostering of virtues related to the past, and present, respect for traditions, preservation of face and fulfilling social obligations” (Hofstede, 2001, p. 359). Many of the cultural traits described above clearly indicate that Egyptian society has a short term orientation. For instance, Hatem (2006), an Egyptian author, suggests that Egyptians sometimes move at their own pace according to “Egyptian time”. Also, Hatem (2006), based upon Hall’s (1976) classification of time patterns, classified Egyptians to be “polychronic” since they tend to perform multiple tasks simultaneously with a higher commitment to relationship building rather than to task completion.

Hatem (2006) also described how appointments in polychronic time cultures as not taken seriously and, consequently, are frequently broken. He suggested this was typical of Egyptian culture, in which Egyptian punctuality is defined in looser terms, where delays are expected and deadlines can be adjusted. Brown and Ataalla’s (2002) study supported this argument by showing that almost 70 per cent of expatriates agreed that Egyptians are not punctual.

#### **4.4. Workplace practices and organizational context**

In line with the argument of the embeddedness of managerial culture and behaviour in the national culture (Hofstede, 2001), it is believed that within Egypt’s national culture and institutional domains described above, the Egyptian managerial practices and norms, as well as the working relationships, are defined and shaped, strongly manifesting these cultural and institutional contexts.

Among these practices are: decision making process and leadership, working relationships, promotion and rewards systems, job satisfaction and motivation, and team working relationships. These practices were chosen to be discussed in detail, not only because they feature the Egyptian cultural and institutional contexts to a high extent, but also they are more likely to affect work and relationships within the international

organizational context which, in turn, could affect expatriates' experiences and adjustments.

#### **4.4.1. Decision making and leadership**

While it has been generally acknowledged that Arabic culture promotes consultative and participative styles in decision making based on the Arabic tribal traditions (Tayeb, 2005), Ali (1993), however, argued that managers tend to have an authoritarian management style. He reported that these conflicting views reflect the fact that Arabic managers (in particular in the Gulf area) do not create a situation of real consultation, but rather a feeling of consultation. Muna (1980) argued that while Arab subordinates expect to be consulted about decisions, they do not expect participation in the decision making process.

Muna (1980) added that seeking participation in the Arab world is considered poor management behaviour or a weakness on the part of the leader and may be considered as an indication of a lack of integrity.

In the Egyptian managerial context, Parnell and Hatem (1999), studying the typical Egyptian manager from an American managerial perspective, showed that Egyptian managers do not seek subordinate participation. This result was explained by the high PD culture present in Egypt, where subordinates are commonly told what to do.

Moreover, Brown and Ataalla (2002) showed that most of their sampled expatriates perceived Egyptians to prefer to follow a manager (leader) than a system and affirmed that Egyptians like to deliberate when decision making is necessary. Also, decisions are perceived to be highly personalistic and to take too much time, where the last word is the manager's word. These findings could also be explained in the main by the high PD culture, in addition to the polychronic time nature, and the high level of administrative bureaucracy of the Egyptian institutional context.

Although the above findings indicate the presence of an authoritarian management style denoted by a high PD culture, according to Hatem (2006), in Egypt, the subordinate-supervisor relationship behaviour could be mediated by factors such as the importance

of workplace harmony and the Islamic teachings promoting brotherhood. These factors show good managers as the ones who are more likely to solve problems for their subordinates, showing a paternalistic approach to management.

To clarify, leadership and supervisor-subordinate relationships in Egypt could be characterized as being both autocratic and paternalistic, which is in line with Parnell and Hatem's (1999, p. 404) conclusion which states that: "employees are frequently afraid to disagree with their supervisors, who are often seen as autocratic or paternalistic." This clearly suggests that Egyptian managers to some extent show an autocratic approach to management, which could be derived from a range of institutional influences including the inequity in the managerial hierarchy and the paternalistic nature of relationships and Islamic teachings.

#### **4.4.2. Working relationships, business dealings and approach to meetings**

In Egypt, the idea of developing a personal relationship within the business community is very important. Brown and Ataalla (2002) showed that 96 per cent of expatriates agreed that Egyptians do not like to keep a distance physically or socially, and that the degree of cooperation between an Egyptian and a foreigner on a certain project varied depending upon how well the two partners got along personally.

In the same study, 75 per cent of the respondents had experienced that authority figures, older people and bosses are to be respected in all dealings, where the young comply and older people expect it, giving the workplace a very formal business atmosphere.

These personal relationship traits seem obvious in meetings and the way conflicts are managed in the workplace. For example, because the Arabic culture is based on talking rather than writing, the widespread means of communication in management is through personal visits and face to face meetings (especially for important matters) rather than using letters and memos.

However, because of the face saving traits, conflicts are dealt with in an indirect way to keep harmony and relationships untouched, so successful managers are seen as those who have developed a capability to give negative messages while maintaining strong interpersonal rapport (Weir, 2000). In Brown and Attalla's study, 34 per cent of expatriates reported resolving conflict with their Egyptian colleagues and employees by smoothing over conflict, or by reaching the simplest of compromises, thus allowing for face saving.

In his dissertation, Al Suwaidi (2008) summarized the main features regulating working relationships in Arabic organizations, which he presented in the form of tips to Western managers attempting to work in the Arab nations: to develop a personal relationship with their Arabian business partner and establish trust to ensure having a long term business relationship; to utilize humour to strengthen this personal relationship; and to be tolerant in business meetings which tend to be considered as social occasions where business parties can talk about other issues as much as they talk about business.

#### **4.4.3. Promotion and reward management, job motivation and loyalty**

Tayeb (2003) argued that Arab employee pay and promotion are more likely to be related to employees' degree of loyalty to and strong connections with their managers than their performance. She also suggested that the intergroup Arabic tribal system, which reinforced dependence on relatives and friends, has encouraged *wasta* (nepotism). Yet Weir (2001, p. 14), argued that "tribalism" does occur in the West, however, the point is that tribalism and the utilization of networks of relatives and friends is described by managers in an Arab context as, "equally as legitimate as the operation of the economic calculus based on rational decisions about relative rates of return."

Brown and Ataalla's (2002) study showed that 96 per cent of expatriates working in different organization in Egypt have affirmed that *wasta* is crucial for doing business. This was explained by the strong commitment and loyalty given to the family, where the achievement of one person is an achievement of the whole family, and thus the family has much to gain from a good job.

Nevertheless, although connections and relationship factors characterize the Egyptian compensation system, in general this system has for a long time been based on hierarchy and seniority factors (Leat and El-Kot, 2007).

Interestingly, Brown and Humphreys' (1995) results from a survey of the cultural characteristics of Egyptian and UK technical education principals and senior managers suggested that the Egyptian work context differed mainly in motivation and systems of performance appraisal. The results indicated that the appraisal system in Egypt was used solely as a gate-keeping measure with which to block the seniority promotions of poorly performing individuals rather than to improve the performance of individuals and aid the effective use of human resources.

Moreover, the study revealed that Egyptians attribute far greater importance to hygiene factors (good physical working conditions, security of employment, and the opportunity for high earnings) than their UK counterparts. The study suggested this could reflect a natural Egyptian context in which the physical conditions of schools are very poor, security of employment is high, and wages are low. The researchers thereby questioned the universality of Herzberg's motivation-hygiene theory claiming what is a "hygiene" factor in the UK and the USA may be a "motivator" in Egypt.

In the same vein, Parnell and Hatem, (1999) emphasized that, contrary to a large body of research demonstrating a positive relationship between job satisfaction and loyalty in American management culture, in the Egyptian work culture there is a negative association. They argued that the negative relationship may be an indication of job frustration present in Egyptian workers, which does not seem to lower their effort or loyalty. They then suggested that one possible explanation may be found within the collectivist nature of the society, where loyalty to the organization is crucial; and from the Islamic Work Ethic, which stresses loyalty and dedication to work.

Hatem (2006) supported this argument by emphasizing that in Egypt, the value placed on the quality of life and relationships in turn means that job satisfaction and motivation are strongly associated with the quality of organizational life and less strongly associated with rewards.

#### **4.4.4. Team working relationships**

Whereas Egyptian social culture encourages group work and team participation, individualism is an obvious trend in Egyptian business culture (Hatem, 2006).

Muna's study (1980) showed that, among Arab executives, there is a dislike of group meetings and team work in general. Hatem (2006) and Muna (1980) described a preference of the employee to work alone rather than in team or to keep information secure for him/herself. In their view, this could be due to the lack of job security and a need for power, with a tendency to take sole credit for good deeds and to pass the blame to others or to circumstances when things go wrong.

However, Parnell and Hatem (1999) carried out a study which showed the perspectives of the Egyptian, American and other nationalities' executives in assessing the Egyptian and American managers at work. The study found that Egyptian executives scored Egyptian managers the lowest for working effectively with groups compared to their American counterparts. However, the perspectives of top executives from other nationalities (neither American nor Egyptian), were more inclined to score the Egyptian managers higher than Americans managers on this factor.

Also, in the same study, from an American executive's perspective, one of the most desired characteristics of Egyptian managers is their ability to work well with those from other cultures; this could be explained with reference to the emphasis Egyptians place on harmony and hospitality, and also of the developed tourism industry in Egypt, aligned with the important contribution of the tourism sector towards the economy in general. This study's conflicting results have suggested the importance of the lens through which managerial behaviours and norms are studied; noting that management behaviours seen positively in one culture are not always viewed as such in another. This is an important conclusion that may help in explaining some of the current study's results.

From a slightly different angle to the above studies, Sidani and Jamali (2010) studied the attitudes of Egyptian white-collar workers. The results were not different between Egyptian executives or managers in terms of work importance and their loyalty to it. However, in identifying items that belong to the work ethic belief system, respondents

answered in various directions. They were mostly neutral to as the proposal that: “to be superior one must stand alone”, while they agreed with the notion that: “one must avoid depending on others”. It seems that the conflicting factors of general cultural collectivism versus individualism at work are competing against each other. This may reflect the fact that white collar workers have become exposed to different cultural norms from working in foreign owned firms or with foreign workers. Alternatively, it may reflect the limitations of cultural measures in distinguishing between individual values and behaviours.

#### **4.4.5. Changes to the embedded workplace cultural features and practices**

Recent research on the Egyptian workplace culture and practices showed that there could be some changes to the embedded Egyptian practices due to economic, Western and technological influences.

Contrary to most of the findings noted above, Leat and El-Kot’s (2007) study on different Egyptian-owned (manufacturing and service) organizations found that wage structures tend to be based on job evaluation; pay increases are related to performance rather than seniority; and performance appraisal is based on outcomes rather than processes or behaviour. This study suggested that the Egyptian profile, which was seen to apply a compensation system based on hierarchy and seniority and in which appraisal was group-based and concerned with behaviour and relationships, has changed since the original work of Hofstede (1980). Due to Western influence on management practices, this change was in the direction of greater masculinity and individualism, and leaning more towards materialism rather than moralism.

In a similar vein, Parnell and Hatem (1999) argued that Egyptian organizations have been exposed to more international influences in recent years, which have impacted on the dominant work-related values as well as HR practices. These influences were caused by the government’s continuous encouragement of and aim of attracting FDI, which led

to the exposure of Egyptian nationals to the values and beliefs of the inward investors as well as the managerial practices and norms of the inward investment companies.

Moreover, Tayeb (2005) and Muna (1980, 2003) showed that one of the main features of many Arab companies is the extensive use of expatriates at a highly technical and professional level, expatriates who are mostly from the advanced industrialized countries of Europe and North America. This factor could increase the likelihood of Westernized managerial and work practices transferring to Arabic organizations.

Atiyyah (1993) has also shed light on the contribution of Western education adopted in the Arab countries, and the movement of Arab students to the West to attend management conferences and training programs, which enables them to apply these practices in their companies.

According to Hatem (2006), Egyptians' personality and culture were also influenced by the country's different economic systems and, as a result, three subcultures exist in the Egyptian business environment:

*Government subculture:* dominant during the 1950s and 1960s, this was characterized as a conservative culture that was involved with a shift to privatization and globalization:

*Family-oriented subculture:* the culture of Egyptian family-oriented businesses that have long been in the business economy, and which are the most resistant to Western infiltration, yet still adopted by the new generations exposed to Western education.

*Emerging Westernized subculture:* this is the subculture of Egyptian businessmen (successful top managers of most joint-venture companies) who have been exposed to Western education and who have acquired new characteristics that mix their root ethics with new management styles.

However, despite these different economic and Western influences, there are still some culturally and institutionally embedded work values and norms that seem to persist. For example, despite the time gap, Tayeb (2005) has acknowledged Muna's (1980) findings on Arab management culture to be still valid. Also, according to Hibbard (2006, cited in



Sidani and Jamali, 2010), changes in social attitudes and norms in the Egyptian context, despite the economic and technological developments of the past few years, have been more modest or conservative.

Accordingly, the current study claims that these embedded values and norms should still be playing a significant role in defining the organization practices in Egypt and, consequently, it is expected that the more the expatriates would be able to identify them or be aware of their presence, the better their adjustment would be.

#### **4.5. Conclusion**

This chapter aimed to identify and analyse the cultural and institutional features that characterize Egypt as a host country, showing the extent to which these features could shape the Egyptian working environment. The discussion revealed the presence of a mix of institutional as well as cultural features.

Egypt's institutional profile reflects a hybrid institutional environment characterized by the co-existence of old and new institutional structures, or the presence of what Thelen (2003) called "institutional layering" which, for example, could be seen in the efforts of reducing state control in some industries while keeping it in others and in the administrative reform in some industries but ignoring others. This includes, for example, improving the capacity of certain ministries (e.g. Ministry of Economics; Foreign Trade; and Ministry of Finance) while leaving other core cadres untrained and de-motivated (e.g. Ministry of Health) and also focusing on the ministerial level in the capital city, leaving local levels unaffected (El-Mikawy, 2003).

There was also evidence of "institutional conversion", which refers to the presence of existing institutions which are redirected to new purposes; this was manifested, for example, by several reforms in labour legislation through introducing new Labour laws (12/2003) to replace the two old laws.

Equally, Egypt's cultural profile is a blend of many factors ranging from Egypt's historic nature, demographic and location features and Arab and Islamic effects, to

Westernization and urbanization effects: all of which draws on the cultural background of the nation and the personalities of its people.

The literature suggests that when workplace practices and organizational behaviour within Egypt are considered, the preference for particular practices can be explained in terms of these institutional and cultural features. As such, the Egyptian context is critical to understanding workplace practices and norms. For expatriate adjustment, this dissertation argues that the extent to which expatriates have familiarity with these norms will impact on the adjustment process.

## Chapter Five: Research Methodology

In this chapter the research questions underpinning this work and the methodology adopted are detailed. Following a discussion of the research questions, the overall research design is introduced and key issues associated with the research climate in which this study has taken place are discussed. The sampling strategy, study population and questionnaire design with its administration and measurements are then presented.

### 5.1. Research questions

The research aimed to investigate the factors explaining expatriates' adjustment to different organizational, cultural and institutional contexts when on international assignment. The research was underpinned by two questions:

- What is the relative impact of the organizational, cultural and institutional level factors on international employees' perceptions of adjustment?
- How do UN and MNC expatriates differ in their degree of adjustment and in the factors that explain their adjustment?

Previous models of expatriate adjustment (e.g. Black and Stephens, 1989) have largely focused on international employees in private-sector multinational organizations, using theoretical models based on cultural perspectives and using the expatriate's home country as the basis for comparison regarding the degree of adjustment. In this study three innovations have been attempted:

First, the *context* has been expanded to include international employees working in United Nations organizations and to include a host country context upon which little

work has been carried out, namely Egypt. Second, an *institutional* perspective has been used in combination with a cultural perspective to assess the relative explanatory power of each. Third, perceptions of adjustment are based on comparisons not only with the international employee's home country, but with their *last country assignment*, which, the researcher argues, provides a comparison of more relevance and meaning to the individual.

## 5.2. Research design

Hammersley (2000) differentiated between scientific and practical research by defining *scientific research*. He stated that:

...the research that is designed to contribute to a body of academic knowledge, where the immediate audience is fellow researchers, though the ultimate aim is to produce knowledge that will be a resource for anyone with an interest in the relevant topic. By contrast, *practical research* is geared directly to providing information that is needed to deal with some practical problems, so that the immediate audience for research reports is people with a practical interest in the issue as policymakers and occupational practitioners (Hammersley, 2000, p. 224).

Hammersley also claimed that these two approaches could be integrated.

Because this study is an attempt to enhance the body of knowledge in the expatriate literature and at the same time to provide recommendations that could be of value to practitioners involved in the expatriation process and to expatriates themselves, and based on Hammersley's (2000) assumption of integration, this study adopts both a scientific and practical research design.

However, this study is less oriented towards representativeness or description and more towards finding associations and explanations (Oppenheim, 1992). The study also combines both inductive and deductive approaches (Bryman, 2001). Drawing on expatriate theoretical and empirical literature, the research questions were derived and translated into operational terms to be tested. Equally, the study tried to draw out the

implications of its findings to feed back into the stock of theory and research findings associated with the expatriate literature.

To offer an enhanced understanding of the relationships that exist among certain variables in the expatriate literature, this study used an analytical cross-sectional survey design (Oppenheim, 1992) supported by inductive interviews to aid questionnaire development and data contextualization. In other words, a research design was applied that combined both quantitative and qualitative methods, known as *Multi-strategy* research (Bryman, 2001) or broadly termed as the *Triangulation method* (Jick, 1979; Fielding and Fielding, 1986).

The role of the multi-method approach in this research was intended to be *particularistic*, where its usage is only appropriate when the research question warrants it, rather than a *universalistic* role which sees mixed-method research as more generally superior (Bryman, 2007). Following Brannen's (2005) work, the multi-approach employed in this research addressed a certain aim or concern in a certain *phase*. In the research's earliest phase, the pilot study, a *qualitative strategy* was employed using *semi-structured interviews* for the purpose of identifying the key concepts of salience to the research, how these might be operationalized, the nature of the sampled population and for assessing situational factors related to data access. Therefore the research questions around the salience of concepts and their operationalization were more open and reliant on inductive insights driven by the data. Equally, issues around the nature of the sample and the situational factors that might impact on access were unknown and therefore demanded openness in the questioning and exploratory data collection which could best be achieved through the qualitative interview process. Then data collection was performed according to a *quantitative method*, using a *structured personal questionnaire* in order to measure the research variables and relationships between these variables. At this stage the questions/items on the questionnaire were deductively driven and concerned with more objectively quantifiable relationships which were more appropriately answered through the collection of quantitative data.

As part of the main fieldwork, more interviews were conducted to *follow-up* results from the pilot/exploratory work. In the pilot study, specifically in its second stage as shall be discussed later, some common patterns of answers were detected. Because it

was expected to get similar patterns in the final survey analysis, following up these responses was important. The follow up interviews helped in providing more information and explanations to the pilot findings in each sample. These interviews also allowed the researcher to check her interpretation of the survey findings in relation to the research questions and ensure the explanation of the findings were as comprehensive as possible. To achieve this, the follow-up interviews were conducted with 11 participants in both the UN and MNC organisations

Although quantitative and qualitative approaches were employed in different phases of the research, it should not be classified according to Creswell's (1994, pp. 177-178) definition as being a "two-phase" approach, rather a "*dominant-less dominant design*" where the study is based largely on a single method (survey) with small components drawn from alternative methods (interviews).

More precisely, based on Bryman's (2001) classification, the multi-method used is a *facilitation* approach, where one research strategy is employed to aid research using the other strategy.

Notably, Scheyvens and Storey (2003) advised that in doing social research in the third world, quantitative analysis is usually best used in conjunction with other, qualitative techniques. This is to ensure that concepts or models developed from data derived from one set of interpretative frameworks located within a country, culture or institutional setting, are understood or have an equivalent meaning when transferred to a different context. The qualitative method and data generated through this method allows conflicts in how concepts or models might play out in a novel context to be examined with the degree of depth and explanatory detail that might be missed if using only quantitative methods. Accordingly, in this study, both methods were combined; however, the qualitative data only guided the quantitative research and its interpretation.

In terms of the epistemological perspective taken this work follows much business research in falling largely within a positivistic paradigm (Hussey and Hussey, 1997).

Positivism is "a philosophy of the natural sciences" (Blaikie, 1993, p.14). From an ontological perspective, positivist research is conducted in an observable and tangible social reality, which is viewed as a complex set of causal relations between events

which are depicted as an emerging patchwork of relations between variables (Blaikie, 1993; Easterby-Smith, Thorpe and Lowe, 2002). In terms of epistemology, the researcher is an objective, value-free analyst, independent of and detached from the phenomena under study with the end product being the derivation of covering laws (Hussey and Hussey, 1997; Easterby-Smith et al, 2002).

Positivism is founded on the belief that the study of human behaviour should be conducted externally, in the same way as studies conducted in the natural science; and that social reality is independent of us and exists regardless of whether we are aware of it (Hussey and Hussey, 1997).

This research has many of the features of a positivist approach, such as detecting the relationship between variables measured precisely in order to test predetermined hypotheses and relying mainly on quantitative data, where the research is independent and aims at being value-free.

However, this research is not applying a *pure* positivistic approach -very few research would operate in pure forms (Hussey and Hussey, 1997)- this is to avoid some of the criticism of the positivism paradigm which argues that 1) capturing complex phenomena in a single measure could be misleading; 2) highly structured research designs impose certain constraints on the results and may ignore more relevant and interesting findings; and 3) it is impossible to treat people as being separate from their contexts, and they cannot be understood without the perception they have to their own activities (Hussey and Hussey, 1997, p. 53). While positivistic research can adopt cross-sectional designs, there has been a much greater tendency toward quasi and experimental designs.

Because of these limitations, this study incorporates an interpretive aspect into the research. More precisely, this study is following a “relativist” approach, which according to Easterby-Smith et al.’s (2008, p.63) basic social science epistemology classification, lies between the two pure extremes of the positivistic and constructionist/interpretive approaches.

Relativist research is more frequently associated with cross-sectional designs which enable multiple factors to be measured simultaneously and hence underlying potential

relationships to be examined (Easterby-Smith et al., 2008). Using triangulations of the methods via both the surveying of views and experience of participants via interviews, it is believed that this approach would provide an accurate indication of the underlying situation of this study and therefore reliability and validity would be heightened (Hussey and Hussey, 1997).

In summary, this study aimed at answering the research questions on the expatriate literature through constructing a cross-sectional survey in a non-contrived setting (organizations) and via hypothesis testing and some interviews.

### **5.3. Research context and rationale for the sampling strategy**

Researchers have highlighted the importance of taking into account the local situation, or *context*, when considering research design (Easterby-Smith, Thorpe and Jackson, 2008). Particular attention was given to the context of studies done in developing countries (Bulmer and Warwick, 1993; Casley and Lury, 1981; Scheyvens and Storey, 2003).

Through understanding the research environment in Egypt, the researcher was able to take stock of the contextual situation and the implications this had for the main study design, as did other researchers who carried out studies in Egypt (e.g. Abdel-Messih et al., 2008).

To help identify how the Egyptian context would affect the research, pilot work was undertaken in two phases, in 2005 and 2006. The 2005 pilot work aimed to assess the availability, access and structure of the research population; and test the relevancy of the research variables. A judgemental sample was designed to purposively select a variety of international employees working in Egypt. Namely, employees in MNCs; UN organizations, and two national Egyptian bodies mainly universities and research centres. After a semi-structured interview conducted with 19 sample subjects (see appendix 6 for more details on this sample and the pilot study in general) from these units, it was decided to include only international employees working in MNCs and UN organizations. The interviews showed that in contrast to the UN and MNCs,



interviewees from national bodies were the least likely to represent the “*expatriate*” as defined in the literature in terms of time spent in the country, nature of the job and intention to return to their home country and some of the research variables seemed irrelevant to their experience. Therefore, it was decided to exclude the universities and research centres and any organization of this type from the main study sample and to include only MNCs and UN organizations.

Moreover, to minimize recall problems and relocation difficulties (Torbiorn, 1982; Selmer et al., 1998) expatriates who were working in MNCs and UN organizations for at least six months and a maximum of six years were targeted.

However, the second pilot study phase in 2006 which aimed at testing the accessibility of the research population and sample elements, confirmed the potential risk of data access and the small sample size which made it important to redefine the population by removing the time limitation and broadening it to include all expatriates in MNCs and UN organizations and to focus on the sample units on certain industries such as the petroleum industry and certain UN offices such as WHO, alongside snowball sampling in other organizations.

This pilot study also aimed at testing the “electronic survey” as a method of data collection (details on the survey will come later in the questionnaire design section).

During this pilot work, the Egyptian government official statistics were examined to identify the number of foreigners working in different industries in Egypt, however, the coverage was limited and patchy in some sectors. Nevertheless, it was clear that expatriates would be more or less dominant in some industries compared to others.

The petroleum industry was among the industries that had relatively high numbers of expatriates; 23 per cent of the total number of expatriates working in Egypt work in the petroleum industry (see Table A2 in Appendix 1, showing number of work permits for expatriates working in different sectors in Egypt, produced by the Egyptian Ministry of Manpower and Emigration, 2005).

Although the investment sector does comprise a larger percentage of expatriates (65.5 per cent), the petroleum sector offered the greater consistency between organizations

compared to organizations working in any other sector. It is quite a strongly regulated environment and therefore all the firms faced similar constraints. Also, the nature of the work required close contact with local employees in the field, which means that expatriates could interact with the local culture and institutions to a certain degree. Thus, with respect to this latter point, the petroleum industry has some parallels with the UN organizations.

Moreover, most of the MNCs within the Petroleum sector are joint venture organizations (Egypt Oil and Gas Web Portal), and are therefore representative of the common mode of entry for multinational organizations working in Egypt, as confirmed by the Centre of New and Emerging Markets (CNEM) studies (e.g. Louis et al., 2003, 2004; Ionascu, et al, 2004). Therefore, accessing these organizations represents access to the more common type of MNC mode of entry in Egypt. Also, the expatriates employed in the petroleum sector represent the most common type of expatriates working in Egypt. It was therefore hoped that by choosing this sample, more general lessons could be drawn from the sample. The secondary data showed that most of the work permits (71 per cent) issued to expatriates in Egypt for the year 2005 were for those occupying professional and/or top managerial posts (see Table A3 in appendix 1). According to interviews with HR staff in the petroleum sector, the petroleum industry employs most of its expatriates to work as experts in oil exploration and/or occupy top managerial levels in the corporation. Therefore the sample clearly focuses on expatriates in managerial or professional roles, again representing closely the expatriate population working in Egypt. Based on these reasons, it was therefore thought appropriate to purposively select the petroleum industry for this study.

Normally, researchers have to follow certain steps specified by the regulations of the Egyptian government prior to beginning any field work (Hatem, 1994). These regulations became more fully enforced and somewhat stricter, especially when it came to approaching foreign employees, after the 9/11 attacks, due to security concerns (as revealed by an HR employee in the General Institute of Petroleum, anyone needing to approach a foreign employee has to be treated with caution to avoid any risk of potential attacks on him/her). This meant that the research would need state approval and could be denied or limited in scope.

Although Hatem (1994) specified that there is a minimum waiting period of three months before research approval is granted in Egypt, in the current study, it took almost eight months (the request was originally submitted in December 2006, and a decision was given in August 2007) for rigorous security checks to be completed. There were two main security checks: 1) the Central Agency for Public Mobilization and Statistics (CAPMAS) check; and 2) the petroleum industry-specific security checks covering the employees taking part in this project.

CAPMAS “*is the official source for provision of data, statistics, and reports to assist all the Egyptian state agencies and authorities, universities, research centers, and international organizations in planning, developing, assessing, and making policies and decisions*” (CAPMAS Egypt, 2008). However, because this research involved foreign employees, CAPMAS had not only to assist but also to permit the researcher to undertake the research.

*The Egyptian General Petroleum Corporation*, representing the Petroleum industry, indicated the following: 1) their security checks would involve getting the *Intelligence Office* in Egypt to approve the research questionnaire; 2) they would take responsibility for contacting the sampled companies; and for asking for questionnaires to be completed.

Approvals from both bodies were gained in August 2007 (Appendix 2 and 3), but with some limitations that had some effects on the questionnaire design and the sampling strategy.

*First*, for security reasons, the petroleum industry cut four questions from the questionnaire, namely questions numbered 1, 6, 15 and 16. These were mostly descriptive in nature, measuring the following variables: *expatriate's age, gender, home country, last country of assignment, type of organization, language ability, functional area, name of organization, and home country of MNC organization*. However, this deletion only affected part of the population (who had hard copy questionnaires and were working in the petroleum industry, N=27, or 21 per cent of the sample). The petroleum participants who accessed the survey online (N=36) completed the full version. The responsibility for telling respondents of the cut lay with the petroleum

industry, not the researcher. Notably, the WHO and other organizations reached via snowball sampling accepted all the questions on the survey. The researcher informed the petroleum security officials of the probability that some of the petroleum participants could access the complete survey online, and they verbally accepted this. The key impact this deletion created was a significant number of missing data on two variables, namely age (missing=26) and language ability (missing=34).

*Second*, The General Institute of Petroleum selected seven companies to send the questionnaire to. The selected companies were the main large seven joint venture companies with the highest relative numbers of expatriates.

Consequently, these decisions had consequences for the methods of data collection, the sampling strategy and the responses gained.

## **5.4. Sampling strategy**

### **5.4.1. Sampling design**

For many research projects, using a combination of different sampling techniques may be needed (Saunders, Lewis and Thornhill, 2007). In the current research, and due to its unique context, using a combination of probabilistic and non-probabilistic sampling strategies was inevitable.

Accordingly, a combined sampling strategy was adopted whereby all expatriates in organizations were approached, where organizational access was obtained, supplemented by snowball sampling through personal contacts and contacts with expatriate community-based groups.

With snowball sampling, the researcher makes initial contact with a small group of people who are relevant to the research topic and then uses these to establish contact with others, who, in turn, nominate other members, and so on (Bryman, 2001; Breakwell, Hammond and Fife-Schaw, 2000).

While snowball sampling can be seen as a biased sampling technique because it is not random (Easterby-Smith et al., 2008), it has been used in various studies as an effective tool when trying to obtain information on and access to “hidden populations” (such as non-heterosexual women (Browne, 2005)), or populations “hidden by choice”, such as members of a population who enjoy the status of a social elite (Noy, 2008).

Interviews with HR professionals and expatriates from MNCs and UN organizations confirmed that most of the sampled MNCs’ expatriates were chosen for their assignments because they were “experts” in their fields, and all the UN expatriates are to be treated as “diplomats” in any country, thus granting them “elite status”.

It has also been argued that snowball sampling could be employed to access new participants when other contact avenues have dried up (Noy, 2008), or when it is essential to include people with certain experience of the phenomena being studied (Collis and Hussey, 2003).

Obviously, many of these rationalizations for using snowball sampling have applied in the current research. Moreover, the Egyptian authors Youssef, Badran and Hatem (1997), in their work addressing problems associated with research in developing countries, stated that some researchers may resort to unacceptable practices, such as bribes, as a shortcut through the bureaucratic maze. The current research did not adopt such tactics. However, powerful contacts in leading government positions were used instead to aid the flow of the paperwork through official channels. Specifically, personal contacts were critical in providing weight to the credentials of the researcher.

The *target population* was identified as *expatriate employees working within UN and multinational organizations in Egypt*. In terms of accessing these employees in multinational organizations and in UN organizations, a three-pronged approach was adopted, as follows:

*Purposive sampling among the petroleum industry:* The seven multinational companies deliberately chosen by the petroleum industry were: Gulf of Suez Petroleum Company (GUPCO), Western Desert Operating Petroleum Company (WEPCO), Belayim Petroleum Company (PETROBEL), Badr Petroleum Company (BAPETCO), Khalda Petroleum Company, Qarun Petroleum Company (QPC), and El-Hamra Oil Company.

However, this initial sample was then shortened to only five companies, this was because the database of “WEPCO” Company showed no expatriates at all, while “Khalda” gatekeepers refused to take any questionnaires, claiming that their head and top level managers were too occupied to fill in the questionnaire, consequently “WEBCO” and “Khalda” were removed from the sample.

These five participating companies are joint venture companies working in oil exploration, development and production sectors within the petroleum industry. Under the “Oil and Concessions Law and Regulations”, the foreign partners in these companies are initially granted exclusive rights for exploration in a concession area. If commercial discoveries are made, a joint venture with the state-owned Egyptian General Petroleum Company (EGPC) is formed, based on a standard production-sharing agreement that is specified in the law for the concession (US Commercial Service-Egypt, Country Commercial Guide, 2010).

The sample represents the major foreign operators in Egypt, Apache, BP, IEOC and Shell (Egypt Oil and Gas web portal). GUPCO is a joint venture owned in equal share by British Petroleum (BP) and EGPC; PETROBEL is one of the EGPC companies jointly owned by the Italian ENI group, which operates in Egypt through its wholly-owned subsidiary, the International Egyptian Oil Company (IEOC); Badr Petroleum Company is one of the EGPC affiliated companies jointly owned by Shell Egypt (Shell companies in Egypt are wholly owned by the Royal Dutch/ Shell Group of Companies); Qarun Petroleum Company (QPC) was established as an operating company by EGPC and the US Apache Corporation; El-Hamra Oil Company is jointly owned by IPR (Improved Petroleum Recovery, USA).

Moreover, EGPC informed the researcher that they had purposively selected this specific sample because it represented relatively large oil companies in Egypt in terms of size, production/exploration activities and investments, and that these companies therefore had the highest number of expatriates (especially experts in oil exploration and development activities) compared to other companies in the industry.

*Purposive sampling among UN organizations:* The UN has many different types of organizations associated with it. This study focused on the WHO because of its

relatively large base in Egypt and the availability of contacts who facilitated the access process. Interviews with HR officials confirmed the presence of approximately 40 expatriates in the WHO organization, and thus a census of this population was targeted.

*Self-selection from other sources via snowballing:* In addition to approaching expatriates via organizational gatekeepers, the researcher approached expatriates directly through expatriate social clubs and hotels. The sample approached included: 1) expatriates staying at Rashid motel located in Rashid city and based near to the field work of many of the factories and oil fields; 2) expatriates who were members of a social club in Alexandria governorate, care being taken to only approach MNCs and UN expatriates; and 3) expatriates working in The Egyptian Natural Gas Holding Company.

As a consequence of the economic clustering of most MNCs in Cairo (the capital city) and Alexandria governorate (the second biggest city), the majority of the data were collected from expatriates working in these two cities with a small amount of data collected from expatriates working in other locations via snowball sampling and a web-based questionnaire.

The *sampling duration* for the main study was for three months, August 2007 to October 2007.

In summary, the sample consisted of international employees who, during August-October 2007, were working in Egypt in MNCs or UN organizations, predominantly from the petroleum industry and WHO.

#### **5.4.2. Sampling frame**

Obtaining a sample frame for the population of expatriates in Egypt was not possible as a complete list did not exist. This finding is consistent with that from others working in Egypt (Brown and Ataalla, 2002, p. 87). However, the researcher was able to gain access to sample frames for expatriates working in the WHO organization, for expatriates working in each of the five petroleum companies, and a total figure of foreigners in the petroleum industry.

It is worth noting that despite getting access to the population of expatriates in each petroleum organisation, these companies' lists were themselves inaccurate; interviews with HR managers indicated that these lists still contained information for expatriates who were no longer in the country, therefore their numbers were overestimated. The respondents commented that there is usually more emphasis on updating the records of those expatriates arriving in the country than those leaving it. Inaccuracies in official listings relating to MNCs have been reported by other researchers and this is a challenge facing researchers generally (Edwards et al., 2008) and especially those in developing countries (Bulmer and Warwick, 1993; Casley and Lury, 1981; Hatem, 1994).

The interviews also revealed that some of the expatriates identified as located at head office sites were in fact scattered in field locations. Therefore, the researcher was advised to send out a certain number of questionnaires which equated to the actual number of expatriates in each organization's office (see Table 5.1 next). To reach the population of expatriates serving in fieldwork locations, the web-based version of the questionnaire was used and its URL was circulated along with the hard copies to all sampled organizations.

#### **5.4.3. Sample size and response rate**

The discrepancy between official figures and actual expatriate numbers is illustrated in Table 5.1.



**Table 5.1 Summary of the population and sample details**

<b>Organization</b>	<b>Officially Recorded Population</b>	<b>Actual Population</b>	<b>Questionnaires Returned</b>	<b>Response Rate</b>
<b><u>Petroleum Industry:</u></b>				
• PETROBEL	106	78	24 (Hardcopies)	30.7%
• GUPCO	111	111	39 (3 hardcopies + 36 electronic)	34.23%
• El-Hamra Oil	2	2	0 (Electronic-not complete)	0
• QPC	19	10	0	0
• Badr Petroleum	41	5	0	0
<b><u>Sub-Total:</u></b>	<b>279</b>	<b>206</b>	<b>63</b>	<b>30.58%</b>
<b><u>UN:</u></b>				
• *WHO	40	40	25 (19 hard copies+6 electronic)	<b>62.5%</b>
• Other UN	Snowballing	snowballing	5 (electronic-pilot)	
<b><u>Sub-Total :</u></b>			<b>30</b>	
<b><u>Other MNCs:</u></b>				
• Rashid Hotel	N/A	Snowballing	16 (hardcopies)	N/A
• Alexandria Club	N/A		9 (hardcopies)	
• Egyptian Natural Gas Holding Company	N/A		10 (9 hardcopies +1 electronic)	
<b><u>Sub-Total:</u></b>			<b>35</b>	
<b><u>Total sample:</u></b>			<b>128</b>	

\*WHO=World Health Organization;

The above table shows that:

- The response rate for questionnaires collected from the petroleum industry was around 31 per cent, which is based on 63 returns from 206 questionnaires sent out covering the actual population in five petroleum companies. The petroleum

companies (QPC, “Badr Petroleum” and “El-Hamra Oil”) with zero response were omitted from the analysis.

- The response rate for questionnaires from the WHO was calculated based on the returns of 25 out of 40 distributed questionnaires (total population in the WHO, as verbally informed by HR employees) and is equal to 62.5 per cent. Other UN organizations included WFP (World Food Programme) and UNODC (United Nations Office on Drugs and Crime) which had 2 returns, in addition to 3 returns from non-specified UN organizations (all were electronic returns collected via snowball sampling during pilot work) and therefore a response rate cannot be calculated.
- Also, through snowball sampling techniques, a total of 35 questionnaires were collected from other MNCs.

In sum, it can be concluded that the response rate ranged from 31 per cent to 63 per cent, depending on the population of each sample unit. This rate compares favourably to those in other studies of expatriates (e.g. Feldman and Bolino, 1999; Black, 1992) and of expatriates studies in emerging countries (e.g. in Turkey: Yavas, 2001; Yavas and Bodur, 1999; and in Morocco: El-Mansour and Wood, 2010); as well as to expatriate studies in Egypt (Brown and Ataalla, 2002—only 73 expatriates from 221 companies); and other management studies in Egypt (Leat and El-Kot, 2007).

Moreover, different steps were taken to increase the response rate, mainly in the form of follow ups via phone calls and emails with liaisons within the snowball process in the sampled organizations.

As a part of this field sample, some interviews to follow up the pilot study were conducted. The *follow-up interviews* sample contained 6 interviewees within petroleum companies with job holders (HR) with responsibility for expatriates and the processes of their movement and management; and 5 interviewees in the WHO organization, with 2 Arabic expatriates and 3 HR managers. These interviews helped gain insight into the organization context and used to follow-up and interpret findings from the pilot study and the final survey as shall be shown later in the discussion chapter.

## **5.5. Questionnaire design**

A full copy of the questionnaire is represented in Appendix 4. Data were collected in hard copy format and via an electronic questionnaire. An electronic questionnaire was first thought to be the best way to collect the research data in this study; and this was for the following reasons: 1) as in many international projects on MNCs (e.g. Caligiuri and Stroh, 1995), the population of international managers could be very small and difficult to access; 2) the ability of this method to reach remotely-located expatriates across Egypt in an easy, low cost and fast way.

However, the 2006 pilot study suggested that the on-line methodology was detrimental to response rates which was 11% resulting from only 9 completed questionnaires from 80 recorded hits. This low response rate was also accompanied by other technical problems with the URL which dramatically affected the electronic piloting process. Therefore delivering the survey personally in a paper and pencil format, with the electronic version as a backup, was decided to be the best method to adopt.

The questionnaire went through a series of modifications and refinements to reach its final form. These modifications were primarily based on results and feedback from the pilot study. First, the 2005 exploratory pilot work succeeded in identifying from a range of variables, those which are most relevant to the research's sample and objectives. A detailed checklist of research variables, extracted from the literature, was prepared to work as guidance to the interview questions. The preliminary interviews emphasised the issues around the questionnaire's content and the main themes the questionnaire should address; and the most relevant variables to investigate (e.g. cultural novelty, language ability, prior expatriate experience, organization support, economic level, Pre-departure training, and country institutional measure (CIM)). Nevertheless, testing this survey in practice was one of the main goals for the 2006 pilot work.

Although, testing the 2006 online questionnaire was disappointing due to its poor response rate, it was still beneficial in suggesting that certain refinements should be made to the questionnaire's contents. For example, the variable measuring "expatriate's personal characteristics" was deleted. This question was cut because respondents' answers were not precise and did not follow their trend of answers in the other

sentences. Also, the “*Do not know*” option, which was one of the answers to some questions, and other “*open*” questions were omitted from the last version of the questionnaire. Moreover, as we shall see later, some measures (e.g. expatriate adjustment) were slightly amended (items cut or rephrased) to clarify the questionnaire.

The 2006 pilot work was also of great importance because it alerted the researcher to some common responses that were easy to detect from the pilot survey. This in turn encouraged her to run more interviews with expatriates and HR staff to follow up these responses to get explanations and gain more insight to situational and contingencies factors which explained the piloted respondents’ answers. These following up interviews also helped tremendously in interpreting many of the final research findings where results were similar to the pilot study.

The final version of the survey was 6 pages including the covering letter and consisted of 16 questions.

## **5.6. Development of the research variables**

The questionnaire contains a mixture of standardized scales that have been adapted from previous research and new scales or questions developed by the researcher specifically for this research and drawing upon the pilot work.

### **5.6.1. The dependent variable**

#### **Expatriate adjustment**

Expatriate adjustment was measured using a 14 item scale developed by Black and Stephens (1989).

The scale assesses three dimensions of adjustment: *Cultural adjustment* examines such things as the expatriate’s adjustment to the host country’s living conditions, housing and food. *Interaction adjustment* investigates the expatriate’s adjustment to socializing with host nationals. *Work adjustment* examines the expatriate’s adjustment to the

requirements of the new position. For each item, respondents were asked to indicate their degree of adjustment on a 5-point scale (1= highly unadjusted to 5= highly adjusted).

This scale has been used intensively by many researchers in the expatriate literature (e.g. Takeuchi, Shay and Li, 2008; Yavas and Bodur, 1999; Black and Gregersen, 1991; Black, Mendenhall and Oddou, 1991).

However, recent literature has criticised Black and Stephen's scale (e.g. Brewster et al., 2011; Haslberger and Brewster, 2009; Thomas and Lazarova, 2006) by being a one dimensional scale while adjustment can have multiple dimensions of behaviour, cognitions and emotions; and that it only reports one personal component (expatriates) while adjustment is shared with family, colleagues and other contacts. Also, Hippler (2000), argued that the items used in this scale especially in the nonwork environment dimension are broad and arbitrary chosen.

Nevertheless, this scale was chosen to be employed in this study for the following reasons: 1) to be able to compare this study's results with other studies in the literature which have predominantly used this scale; and 2) to be able to assess the utility of this scale in the non-MNCs context or the UN context and compare it to MNCs context which was assessed mainly via this popular scale. Yet, these reasons do not undervalue the need for a more comprehensive adjustment measure.

As a result of the pilot work and to reduce the overall length of the questionnaire this scale was reduced to 10 items. Also, one item was rephrased.

The statements cut and/or replaced from Black and Stephen's (1989), original measure were as follows:

- The sentence "*Living conditions in general*" was cut because it was seen as by the respondents as repetitive or even confusing if compared with the sentence "*cost of living*".
- Three sentences measuring interaction adjustment, namely; "Interacting with host nationals on a day to day basis"; "speaking with host nationals" and "interacting with host nationals outside of work" were seen to be repetitive and

therefore substituted by only two sentences: “socializing with host nationals” and “interacting with host nationals in a work context”, which were believed to measure interaction adjustment more specifically.

- The sentence “supervisory responsibilities” was omitted because it was again thought to be confusing those respondents with no supervisory responsibility on their assignment.
- And finally, the statement “*food*” was re-phrased to “*local food*” to clarify.

The 10-item scale was subjected to PCA to check the adjustment variable multidimensionality. The result confirmed a single factor solution accounting for 40 per cent of the variance and an alpha reliability of .83, mean =3.56, S.D.= 0.59, N=116. For this research it was more valid to use a single dimension measure which was a reliable indicator, than the alternative which would have been to force multi-dimensional structure on the scale where each of the scales would have been unreliable.

### **5.6.2. The independent variables**

#### **Pre-departure training**

This measure was developed by the researcher to examine whether the respondents had received any pre-departure training before they were posted to their new assignments and if so, what type of training had they undertaken.

Based on the responses received from the pilot interviews in 2005, which highlighted the importance of the informal or self initiated training in addition to the formal or organizational one, the researcher designed this measure to ask two main questions.

The first question asked the respondents if they had undertaken any training before their current post. Four options were given and the respondents were instructed to choose all that applied. The options were: a) *Yes, provided by my organization*; b) *Yes, self-initiated training*; c) *No, my organization does not provide any pre-departure training*; and d) *No, but my organization does provide pre-departure training*.

The second question tested the type of training received by asking the respondents to choose, from a list of four forms of training, the type of training they had undertaken. These four forms of training were adapted from Yavas and Bodur's (1999) 17-item measure of training. The four forms of training were: *a) cultural orientation; b) new job role; c) information on the working environment; and d) Arabic language training.*

### **Previous overseas experience**

Previous overseas experience was measured through two items/questions, a) the number of assignments the expatriate had in the last 6 years and b) the average time spent on his/her overseas assignments, in questions 5a and 5b in the questionnaire, respectively. Again, based on the work carried out in the pilot interviews, the number of assignments undertaken and their length were identified as the two main factors that defined the expatriate's own overseas experience.

To detect the *number of assignments undertaken*, respondents were asked to choose from a range of alternatives showing the number of assignments they had completed in the last six years (the six years limit was to avoid recall problems), these alternatives ranged from "none" to "more than five" assignments. "None" was an option for those respondents with no previous assignments.

To measure *the length of the previous assignments*, respondents were asked to choose from a list of options the average length of time they spent on their previous overseas assignments. The options ranged from "*less than six months*" to "*more than five years*", in addition to a "*no previous assignments*" option.

### **Duration of current assignment**

Question 5c was developed to measure length of time on the current assignment. Respondents were asked to choose from a list of nine time options the *length of time they spent in their current assignment in Egypt so far*. The options had a minimum time

of “less than 6 months” and gradually increased to reach a maximum time option of “more than 6 years.”

### **Language ability**

The interviews in 2005 showed that respondents who knew the language (from Arabic origins) or studied it found it easier to interact with nationals than their counterparts, showing the importance of this variable.

This variable was measured by asking the respondents to indicate on a 5 point scale, from (1=not at all to 5=very fluently), how well they felt they spoke the Arabic language. This measure was adapted from the Kraimer, Wayne and Jaworski (2001) measure. A filtering question asking whether the Arabic language is the mother tongue of the respondents was provided before asking the language ability question, in order to screen those respondents who are originally from Arabic backgrounds.

### **Organization support**

This measure was adapted from the scale of Guzzo et al. (1994) that was designed to measure organizational logistical support and which consisted of three dimensions, financial support, general support and family-oriented support. In the current study, the researcher only tested the general support items ( $\alpha = 0.73$ ) which seemed to be most relevant to the study sample.

From six options, the respondents were asked to choose the form(s) of support they received from their organization. Five of these options were borrowed from Guzzo et al.'s (1994) general support items. Examples of these options are: “*assistance with new home*” and “*access to health care*”. A sixth item was added to measure “*organization assistance with official paperwork and documentation such as visas and work permits*”, which from the pilot work was determined to be an important form of support especially for the MNCs expatriates.



An introductory question was given to ask whether the organization provides its employees with support in the first place, to filter those respondents who had no organizational support.

Reliability was 0.71. Factor analysis showed one component which is consistent with the original scale, accounting for 43 per cent of the variance.

### **Cultural distance**

Not only the literature, but also the interviewees piloted in this study showed the importance of this variable to the expatriate's adjustment. Similarities and differences between host and home country cultures were very obviously recognized by the respondents. Most respondents perceived the Egyptian culture as unique but also easy to understand, live in and interact with on a daily basis.

This variable was measured using a scale that Black and Stephens (1989) adopted. This measure ( $\alpha = 0.64$ ) consisted of 8 items according to which respondents compared the similarity of their native country to the host country (Egypt) on various characteristics using a 5-point Likert scale, with endpoints 1= highly similar and 5= not at all similar. Examples of these items are: "*Every day customs that must be followed*" and "*Health care facilities*". The scale was reliable in this study at  $\alpha = 0.83$ . Factor analysis showed one component which is equivalent to the original scale, with 47 per cent of variance.

### **Institutional distance (ID)**

This variable was measured by a scale that was specifically developed for this study. It tests the extent to which expatriates perceive Egypt as institutionally distant (or unfamiliar) to their home country and to their last country assignment. It was also designed to test the relative institutional power against the traditional CD power in explaining adjustment, one of the important targets in this study.

Respondents were asked to show, on a 5-point scale, the similarity of their current experience in Egypt compared with: a) their experience in their last country assignment and b) their experience from their home country. The respondents were asked to make these comparisons with respect to the institutional pillars originally defined by Scott (2008) and later operationalized by Kostova (1997), namely: regulatory, normative and cognitive. In this research these three institutional pillars were measured using the following statements: “*Egyptian employment regulations*”, “*Egyptian working practices and norms*” and “*Egyptians’ cognitive way of interpreting and understanding working relationships*”.

The 5 point scale ranged from 1=highly similar to 5=not at all similar. “No previous assignment” was added as an option for comparison with the “last country assignment” items, for those respondents with no previous assignments.

The items were subjected to FA which revealed 2 components: *Home Country Institutional Distance* (HM-ID) which measures expatriates’ perception of the regulatory, cognitive and cultural norms of Egypt against their home country; and *Last Country Institutional Distance* (LST-ID), which captured expatriates’ perceptions of regulatory, cognitive and cultural norms of Egypt contrasted with the last country they were on assignment in. The 2 factor solution accounted for 32 per cent of the variance; with reliability 0.84 for HM-ID and 0.80 for LST-ID scale.

### **The Country Institutional Measures (CIMs)**

This measure was developed especially for this study. Most of the items were extracted from the pilot study responses as well as from the literature describing the Egyptian working environment (explored in chapter four), and which was closely matching most of the interviewee’s responses describing the Egyptian institutionally derived working practices and relationships in their operations.

For example, similar to most of the studies describing the Egyptian working environment, seniority, personal and social relationships were perceived as important factors defining the Egyptian working relations. It was perceived that team working

relationships, performance management relationships and pay and rewards were all regulated to an extent by seniority, this was obvious especially in peer relationships.

Moreover, institutionally driven working norms have been seen to be related to family priorities. The interviews showed that, especially for Egyptian female employees, family matters come as a first priority in comparison to international employees whose family matters could be placed second to their work priorities (more of the pilot findings can be seen in the appendix 6).

As a result of these pilot findings, the main study questionnaire focused on developing a country institutional measure (CIM) that measures, “expatriates’ perceptions of the Egyptian institutionally driven working practices, norms and regulations, and employment relationships, in their international operations.” This measure was broadly defined in terms of team working relationships, performance management (seniority vs. ability), pay and rewards (seniority vs. ability), local legislation vs. organizational autonomy and organizational working norms.

Therefore, five Country Institutional Measures (CIMs) were developed to measure international employees’ perceptions of the Egyptian institutional working environment derived from Egypt’s: a) working practices, norms, and regulations (WP); and b) working relationships (WR).

First, Egypt’s working practices, norms and regulations (WP) were measured by Scott’s (2008) institutional pillars: *normative, cognitive and regulatory* factors, in addition to a *global/local* influence factor.

The *normative* variable was developed to measure expatriates’ perception of Egyptian working practices and norms in their operation, through 6 items, or statements: 1, 4, 5, 7, 8 and 9 in the questionnaire. Examples of these statements are: “*In Egypt, team working relationships are affected by seniority*” and “*Egyptian employees have a high expectation of promotion based on their length of service with an organization*”.

The *cognitive* variable was developed to measure expatriates’ perception of the way Egyptians cognitively interpret and understand working practices in their operation. This was measured through 4 items, or statements: 2, 3, 6, and 10 in the questionnaire.

Examples of these sentences are: *“Egyptian employees prefer working alone rather than in teams”* and *“Egyptian managers tend not to seek subordinates’ participation in decision making”*. Notably, item 6 had to be excluded in order to reach a higher reliability for this factor.

The respondents were asked to report the extent to which they agreed with the normative and cognitive statements describing the Egyptian working practices on a scale of 1–5, where 1=strongly disagree and 5 =strongly agree.

The *regulatory* variable was developed to measure the expatriates’ perception of the influence of the host country regulatory environment (Egypt) in shaping international employees’ working practices in their operation on a scale from 1–5, where 1=no influence and 5=very strong influence. This was measured through 3 items: *“recruitment of international employees”*; *“performance management of international employees”*; and *“pay and rewards for international employees”*.

Factor analysis confirmed that the 3 regulatory items formed a single component with an alpha of .81 (72% of the variance). In addition the normative and cognitive items formed 2 components (13.6% of the variance), each with an alpha of .75 and .57, respectively.

*Local versus Global influence*: This variable was developed to measure how expatriates perceive the relative influence of the host country and the international company in shaping the working practices in the international organization they are working in.

This question is a summary question. Instead of looking at each specific institutional pillar as the previous variables did, this question detects the general influence on employment practices whether it is coming from local or international sources.

The question also helps in investigating the extent of standardization in work systems in the UN organization worldwide.

To measure this variable, respondents were asked to choose, from five options, the sentence that best describes the relative influence of the host country (Egypt) and of their international organization in shaping employment practices within their operation. The five options provided a range of degree of influence: the first option was:

*“Employment practices largely reflect the local Egyptian practices”* and the fifth option was: *“Employment practices largely reflect the international organization practices”*, with the third option indicating a middle point: *“Employment practices reflect a 50/50 combination of the Egyptian practices and the practices of the international organization”*.

Second, the *Working Relationship (WR)* variable: this variable measured expatriates' perception of the importance of certain factors in developing a good relationship with Egyptian nationals at work. The factors were the expatriate's: *“Communication skills”*, *“Nationality”*, *“Gender”*, *“Technical knowledge”*, *“Organizational network”*, and *“Position in the hierarchy”*. Working relationship was assessed as regards three relationships levels (their Egyptian supervisors, peers, and subordinates). The respondents were asked to rate the importance of each factor in developing a good working relationships on a five point scale ranging from 1=“not at all important” to 5=“very important”. The expatriates were asked to skip any group they had no relationship with.

FA showed only 4 components (with 6.6% of variance). FA has grouped “nationality and gender” as one set and “technical knowledge and organizational network” as another set, in addition to “communication” and “position in the hierarchy”, to form four sets defining working relationship.

Reliabilities for these components scales were 0.88, 0.92, 0.81 and 0.78 for Communication; Nationality and Gender; Network and Knowledge; and Position in the Hierarchy, respectively.

It worth noting here that the CIM measure is composed of two institutional concepts: the Egyptian institutional working practices, norms, and regulations WP; and employment working relationships WR, and therefore each will be measured and analyzed separately.

## **Economic level**

The pilot study revealed that, in general, expatriates favour posts in countries with high economic levels. However, this favourability does not always hold, especially for posts with high compensating salaries; or if the post involves promotion opportunities; or if the nature of the post (as in the UNDP) requires its expatriates to work in countries with low economic conditions. However, generally, for most expatriates, the economic level of the post is an important factor for their adjustment.

The economic level (EL) of each country was measured using two objective indicators; the Gross Domestic Product (GDP) and the Human Development Index (HDI).

The researcher used the World Bank report (2008) to obtain the GDP and the 2008 Human Development Report produced by the UN to obtain the HDI for each country. The UN HDI (2008) was also used to classify the sample into high, medium and low development countries.

The concept of economic distance, based on measuring the difference between home and host countries' economic levels and how this could affect adjustment, was refined to capture the reality of the interviewed expatriates' experiences. This change reflected the fact that expatriates tend to make comparisons between their previous experiences in other countries, especially the economic conditions of their last country, and the current one, more than with their home countries which they might have left long ago. As a result of this, it was important to measure the concept of economic level against two countries, the home country and last country assignment.

Accordingly, the economic level—indicated by the GDP and HDI—was measured for the home country of the expatriate and for the last country assignment the expatriate visited before Egypt. This led to four economic measures: the “GDP for home country”, “GDP for last country assignment”, “HDI for home country” and “HDI for the last country assignment”.

## **Nationality of expatriates**

Nationality of expatriates was measured by asking expatriates to name their home country.

## **Last country assignment before Egypt**

The pilot showed that most interviewees had previous expatriation experience. Nevertheless, respondents who did not have such experience also placed significant importance on how this factor could have helped them in adaptation, thus this was seen to be an important variable. To measure it, expatriates were asked to name the country they had their last assignment in before Egypt.

## **Type of organization**

This was measured by asking expatriates if they worked for the UN or MNC.

## **Demographic/organizational variables**

Five demographic/organizational variables—*age and gender, expatriate's functional area, name the company they work for and MNCs home country*—were used in this study. These variables were measured by asking participants to specify their age and gender, name of organization they work for, and to choose their functional area from a list of functions (e.g. *finance, marketing, operation*) or to choose *other* (function to specify).

## 5.7. Description and Frequencies for the study sample and research variables

The following table summarizes the frequencies and percentages of the study sample and respondents characteristics.

**Table 5.2 Frequencies and percentages of the study sample**

Variable	Frequencies	Percentage
<b>Gender:</b>		
Female	20	15.6%
Male	106	82.8%
Missing/omitted	2	1.6%
<b>Age:</b>		
> 40 years	41	32.0%
40 ≥	61	47.7%
Missing/omitted	26	20.3%
<b>Type of Organization:</b>		
UN	30	23.4%
MNC	98	76.6%
Missing/omitted	0	0
<b>Respondents functional areas:</b>		
Finance	6	4.7%
Marketing	2	1.6%
Operation	27	21.1%
Research and Development	9	7.0%
Project/line manager	21	16.4%
Management director	11	8.6%
Other	22	17.2%
Missing/omitted	30	23.4%
<b>Economic level of Home country:</b>		
High	105	82%
Medium	18	14.1%
Low	1	.8%
Missing/omitted	4	3.2%
<b>Economic level of last country assignment:</b>		
High	52	40.6%
Medium	34	26.6%
Low	2	1.6%
No previous assignments	10	7.8%
Missing/omitted	30	23.5%



**Table 5.2 (cont.)**

<b>Organization's home country:</b>	<b>Frequencies</b>	<b>Percentage</b>
Italy	25	19.5%
UK	36	28.1%
Australia	3	2.4%
USA	16	12.5%
New Zealand	1	0.8%
Switzerland	22	17.2%
Missing	25	19.5%
<b>Pre-departure Training:</b>		
No training undertaken	59	46.1%
Training undertaken either by expats and/or Org.	68	53.1%
Missing	1	.8%
<b>Types of training covered:</b>		
Culture orientation	34	26.6%
New job role	48	37.5%
Information on new working environment	41	32%
Arabic language training	9	7%
<b>No. of previous assignments:</b>		
None	23	18.0%
1 and 2 assignments	53	41.4%
More than 3 assignments	40	31.3%
Missing	12	9.4%
<b>Length of Previous assignments:</b>		
No previous assignments.	20	15.6%
Up to 3 years	66	51.6%
More than 3years	27	21.1%
Missing	15	11.7%
<b>Length of time in Egypt so far:</b>		
Up to 1 year	40	31.3%
From more than 1 year to 4 years	51	39.8%
From more than 4 years to 6 years	17	13.3%
More than 6 years	6	4.7%
Missing	14	10.9%
<b>Arabic Language ability:</b>		
Not at all	23	18%
A little-moderate	61	47.7%
Fluently –very fluently	10	7.9%
Missing/omitted	34	26.5%
<b>Organization support:</b>		
No support provided	5	3.9%
Organization support provided	113	88.3%
Missing	10	7.8%
<b>Types of organization support provided:</b>		
Assistances with documentation and paper work	106	82.8%
Assistance with new home	75	58.6%
Counselling/advising services	51	39.8%
Access to health care	97	75.8%
Social and entertainment events	50	39.1%
Other services	73	57%

The table above shows that from a total of 128 participants, most were male (83%), aged 40 years or more, and were MNC expatriates (N=98), with only N=30 UN expatriates. Most expatriates were working in the operation department (21%), with some expatriates (17%) who specified they worked in *other* functional areas, without mentioning them.

Most of the sample was from high human development countries (82%), and had been staying in Egypt for between 1 and 4 years, and around half (48%) can speak the Arabic language at a “little–moderate” fluency level.

53% had pre-departure training, where “training on new job role” was the most popular type of training undertaken (37.5%). Of those (96%) who had received organization support, the most (82%) had assistance with documents and official paperwork, followed by lower percentages (75.8% and 58.6%) who had assistance with access to healthcare and with their new home, respectively.

Before their current visit to Egypt, 18% of the sample had no previous overseas assignments, while 41% had between 1 and 2 previous assignments, with the majority (52%) staying up to 3 years in their previous assignments. Most of the sample 40% and 27% had their last assignments in high and medium human development countries, respectively.

For the sampled organizations, United Kingdom (UK), Italy and United States of America (USA), were the main three home countries for the sampled MNCs. Of the parent companies, “British petroleum” (BP) represented the UK for 28% of the sampled MNCs, followed by the Italian “ENI” company (20%), and American multinationals (13%) represented the home country for the rest of the MNCs in the sample.

The results shown in Table 5.2 above also highlight some important points:

- A high number of missing data (26.5%) was recorded for the deleted questions measuring language ability and the demographic variable items: age, functional areas, name of the MNC and MNC’s home country. These missing entries also affected the question measuring the last economic country assignment variable (23.5%), however, the

missing data for home country economic level variable was within normal limits (N=4 or 3%) because the researcher was supplied with information (by HR in each petroleum organization) about the nationalities of the participants.

- Unexplained high missing entries were also recorded for the questions measuring the number and length of previous assignments, and the duration of stay in Egypt, at 9%, 12%, and 11%, respectively.

The descriptive analyses for the research variables are presented in the next table (Table 5.3).

**Table 5.3 Descriptive statistics for the CD, ID and CIM research variables**

<b>Variables</b>	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Std. Deviation</b>
Cultural distance (CD)	114	2.12	5.00	3.79	.626
ID: Inst distance for home country	112	2.00	5.00	3.84	.705
Inst distance for last country assignment	87	1.00	5.00	3.40	.939
CIM: WP Regulatory factor	121	1.00	4.33	2.34	.964
Cognitive factor	119	1.00	5.00	3.17	.737
Normative factor	117	1.83	5.00	3.88	.582
Global/local influence	125	1	5	3.32	1.11
WR: Communication factor	99	1.67	5.00	4.20	.750
Nationality and Gender factor	100	1.00	5.00	2.86	.960
Network and knowledge factor	98	1.67	5.00	3.82	.668
Position in hierarchy factor	100	1.33	5.00	3.84	.801

Descriptive analyses for the CD variable showed that most of the sampled expatriates (N=114) perceived the Egyptian culture as “Not very similar” to their home countries’ cultures (M=3.79, s.d. =0.6).

Also, with N=112, the distance between Egyptian institutional environment and expatriates’ home institutional environment was perceived as “not very similar” with

M=3.8 (s.d.=0.71). However, the distance between the Egyptian institutional environment and the institutional environment of the last country of assignment expatriates were visiting before Egypt was perceived as “somewhat similar” (N= 87, M=3.4, s.d.=0.94).

The descriptive analysis on the three WP institutional variables showed that expatriates (N=121) generally viewed the host country regulatory influence to have “little” effect in shaping their employment practices, with a mean score of 2.3 s.d.=0.96 . In terms of the cognitive factor the results show a mean score of 3.17 s.d.=0.7 indicating quite a medium score on a 1 to 5 scale. By contrast, their perception of the sentences describing the normative factor was higher with a medium score of M= 3.88, s.d =0.58, showing that they (N=117) could identify with the characteristics describing the normative practices in Egypt.

Moreover, the frequency analyses done on the items describing the three CIM factors showed that most of the sample, 44%, 51% and 55% perceived the host country’s influence on the three regulatory items respectively, as either with no or little effect. The findings on the normative factor confirmed that most of the sample (from 52% to 82%) either strongly agreed or agreed on all the normative sentences. However, the frequency findings on the items describing the cognitive factors were variable. Most of the respondents 48% and 45% largely agreed that Egyptian employees prefer working in teams rather than alone and could easily work with employees from other cultures, respectively. Yet respondents’ answers were not distinctive enough regarding if Egyptian managers seek subordinates participation in decision making. Although 43% generally disagreed, a considerable number (23%) were neutral and could not decide, and almost 30% generally agreed that they seek participation in decision making.

The mean score for the Global/local influence factor (N=125) was 3.32 and s.d=1.12, indicating that the overall average for this factor is middling (expatriates perception of a 50/50% combined influence between the host country and the international organization in shaping employment practices within their operation). However, the frequency analysis showed that the majority of the sample (34%) chose the fourth option, and an almost equal 22% for each of the second and third options, while 14% and only 4% for the fifth and first options, respectively. This would indicate that generally, nearly half of

the expatriates (48%) perceived their employment practices are shaped by the international organizational influence (options 4+5) rather than the host country influence (27%, options 1+2). This is beside 23% who perceived their employment practices reflect an equal contribution of both influences.

For the WR variables, only “communication skill” factor (N=99) was perceived to be “very important” (M=4.2, s.d=0.75) in shaping good relationships at work. The “network and knowledge” factor (N=98), and the “position in the hierarchy” factor (N=100), with means=3.82 and 3.84 respectively, were perceived as “Important”, while the “nationality and gender” factor (N=100, M=2.86) was perceived to be “somewhat important”.

## **5.8. Data entering, cleaning and methods used in the analysis**

Data was entered and cleaned as follows:

- All returned questionnaires were reviewed and only completed and usable returns were included in the analysis.
- Data from a total 128 questionnaires were inputted. Due to the differences in types of data formats collected, three types needed to be entered: a) hardcopy paper formats totalled 80 questionnaires; b) electronically completed data totalled 39 questionnaires; c) electronic questionnaires collected during the pilot phase totalled 9. However, not all questions were in the same format as those finally used in the main study.
- Some of the sentences in the questionnaire were worded negatively to reduce response bias. These scores were reversed and recoded for analysis purposes.
- The reliability of the scales used in this study was measured using Cronbach alpha. The reliability was tested to measure the internal consistency of each statement that comprised the scales. The results of

the reliability analysis showed high reliability scores which exceed the recommended minimum of .7 (Pallant, 2007), with the exception of the cognitive variable, with reliability =0.57.

- According to Pallant (2007), in short scales (fewer than 10 items)—as in the Cognitive variable (3 items)—it is common to find Cronbach values as low as .5. Moreover, in preliminary “exploratory” research studies such as the one reported here, reliability coefficients in the range of .50 to .60 are deemed sufficient (Peterson, 1994). To further examine the internal consistency reliability of the measures, inter-domain and domain-total correlation coefficients were compared to the Guilford and Fruchter (1973) guidelines.
- These guidelines suggest that inter-domain correlations should fall within .10 - .60 bounds and domain-total correlations should range between .30 and .80. In the current study, the results reported in Table A4 in Appendix 5 show that, with the exception of the pair-wise correlation between one item (subordinate participation in decision making) and the total which slightly exceeded the upper bounds (0.82), all the correlations are within the guidelines. However, because of the sample size involved and the developmental nature of this variable, its results need to be interpreted with some caution.
- Data was examined descriptively through frequencies and means, as a means of checking for outliers or patterns in missing data, or input errors.

After data was cleaned, it was ready for analysis. Statistical analyses using the Statistical Package for the Social Sciences (SPSS) program were used. SPSS is one of the most widely adopted packages used for quantitative data analysis (Bryman, 2001).

Depending on the research questions/hypotheses addressed and the nature of the data collected, two main methods of data analyses are used, namely: Multiple Regression and Analysis of Variance techniques.

Multiple regression analysis is usually used to explore the relationship between one continuous dependent variable (e.g. expatriate adjustment in this research) and a number of independent variables or predictors. Specifically, Multiple Regression is used to address research questions in the current study, through testing:

- a) How the set of independent variables in the model were able to predict adjustment;
- b) Which of these variables is the best predictor of adjustment; and
- c) Whether particular variables (e.g. new variables in the model) are still able to predict adjustment, when the effect of other variables (traditional variables on the model) are controlled for.

Multiple Regression analysis is one of the fussier statistical techniques. It makes a number of assumptions about the data. In order to meet these assumptions, it was important to check for the following: bivariate correlation, multicollinearity, outliers, normality, linearity and checking for any unusual cases (Pallant, 2007). After checking these assumptions, results indicated that the data was clear of any violations that could hinder the analysis.

Parametric techniques such as Analysis of Variance (ANOVA) and Multivariate Analysis of Variance (MANOVA) are used to compare between-groups or within-groups on one or more independent variables, and on more than one dependent variable, respectively (Pallant, 2007).

In this research, both ANOVA and MANOVA methods were used to compare between UN and MNCs expatriates groups on certain variable(s); for example, to test if they are different on one dependent variable (e.g.: expatriate adjustment) using one-way between-groups ANOVA, or two or more dependent variables (e.g.: CD vs. ID vs. EL) using one-way between groups MANOVA.

Again there are sets of assumptions that need to be checked and cleared before running these analyses. Preliminary assumption testing was conducted to check for normality, linearity, outliers, homogeneity of variance-covariance matrices, and multicollinearity, with no serious violations noted.

***Three important points referring to data analysis are worth noting:***

*First*, given the small sample size in this study, the alpha level used in statistical analysis has been adjusted. Stevens (1996) recommended adjusting the alpha level for small samples from the traditional 0.05 to 0.15 and 0.10. This is because if the traditional alpha levels were used with small sample sizes, there is a much higher probability that non-significant results are reported due to insufficient power of the test, thus adjusting the level of significance is more likely to give a better picture of relationships among variables.

*Second*, to test *research question 1* multiple regression was used to explore the effects of the independent variables on the dependent variable i.e. adjustment. However, given the large number of independent variables of interest and the relatively small sample size, the analysis involved the following steps: A) the independent variables representing similar common themes or concepts, as identified from the literature, were entered into a series of multiple *separate* regression equations against adjustment. On the basis of these results, the independent variables found to have a significant effect on adjustment were retained for further regression analysis and used in the second step. b) The second step combined both the traditional and the new variables in a single regression.

The *second research question*, which addresses the difference and similarities between UN and MNC, was assessed through a) looking at two main hypotheses, H7 and H8, exploring the difference between UN and MNCs on their degree of adjustment, and their perception to the local/global influence on their working practices, respectively; b) by exploring the UN and MNCs differences/similarities on a range of other factors in the model (CD, ID, EL, CIM, Pre-departure training, Language ability, Previous overseas assignment); and c) by showing the factors that explain adjustment in *each* sample group.

*Third*, for regression analysis, the Economic level (EL) was measured by the Home country GDP. This variable was chosen to represent the economic measure because it was statistically the strongest and most significant on Adjustment compared to other Economic measures-Home country HDI, Last country HDI and Last country GDP-



when they were tested separately on adjustment. Moreover, the Home country GDP factor was initially re-coded and divided into two groups: “GDP equal to or higher than Egypt’s GDP”, and “GDP lower than Egypt’s GDP”. However after running the frequency analysis on the recoded groups, it was found that most of the sample’s GDP (93%, N=119) was in the first group and only 3% (N=5) was in the second group. Further analysis showed no GDP was equal to Egypt’s, indicating that the majority of the expatriates’ home countries have a higher GDP level than Egypt’s. Therefore the GDP’s re-coded factor was ignored and the GDP factor used in the regression analysis was based on the country GDP for each home country.

## **5.9. Conclusion**

This chapter has presented all the methodological issues related to the current study. It started by presenting the overarching research questions, followed by describing the research design, context, and the pilot study, then presenting the sampling strategy, study population, the questionnaire design and detailed description on how research variables were developed or adopted, accompanied by all the reliabilities and factor analysis measures for each variable. Finally, the statistical techniques used to measure research questions were reviewed.

## Chapter Six: Research Results

The purpose of this chapter is to present the results of the analyses used to test the research questions/hypotheses in this study. These results are presented in two main sections. The first section focuses on studying all the relationships relating to the adjustment variable, where all the questions testing the effect of the research variables on the Adjustment variable are examined via testing of the research model. However, the second section focuses on studying all the relationships as they pertain to each of the two sampled units (UN versus MNCs).

In other words, the first section aims at answering research question 1 and the second section on answering question 2.

### 6.1. Examining Research Question 1: the factors explaining adjustment

The adjustment variable, classified as the only dependent variable in this research, has created lots of queries and investigations regarding the relative effects of different research variables on it. Therefore, question one in this study was posed to detect the relative role of these factors in explaining adjustment. However, due to the small sample size which did not allow for entering all the independent variables together in one regression equation against adjustment, and also to test the individual research hypotheses developed in this study, these independent factors were grouped based on theoretical grounds and entered against adjustment in separate regression equations focusing on certain hypotheses, as follows:

- Country Institutional Measures (CIM) relationship with Adjustment. Testing H3a, H3b and H3c.
- Cultural distance (CD), Institutional distance (ID) and Economic level (EL) relationship with Adjustment. Testing H1e, H2, H4 and H6.

- Expatriate's previous overseas experience, language ability, pre-departure training, and organization support relationship with Adjustment. Testing H1a, H1b, H1c, H1d.
- Then in a multivariate regression analysis only the significant variables from the above analyses entered against adjustment to examine the extent the institutional measures provide a contribution to the explanation of expatriate adjustment beyond that explained by the traditional cultural and organizational measures. Or to test the relative impact of the organizational, institutional, and cultural measures on expatriate's perception of adjustment.

It should be noted, however, that all research hypotheses were analysed using control variables. Control variables are: the time of stay in the host country, expatriates' previous overseas assignments and the type of organization (UN/MNC).

Gender and Age demographic variables were not controlled for. Gender was not controlled for because most of the sample was male (83%) and the majority of the female sample were located in the UN group, forming a biased sample.

As regards the Age variable, the analyses were run twice; with and without Age controlled for. When Age was controlled for, the sample size was very small, however, when Age was removed, the sample size increased; nevertheless, the results showed the pattern of the results in both analyses was the same. The Age variable had a high number of missing cases (N=26), which resulted from the omission of the question measuring it (question one in the survey) and was not due to a traditional non-response. Therefore, it was decided to report the results when Age was not controlled for, in order to have a larger sample size.

***Country Institutional Measures (CIM) relationship with Adjustment Testing H3a, H3b and H3c.***

The effect of the two institutional concepts measuring the CIM (the working practices (WP) and working relationships (WR)) were each tested against adjustment.

The following table (Table 6.1) shows the results for the first hierarchical regression equation measuring the WP effect on adjustment, which involved the regulatory, normative and cognitive; and local/global variables as four independent variables and Adjustment as the dependent variable, while controlling for time spent in the host country, type of organization, and previous overseas experience, measured by number and length of previous assignments.

**Table 6.1 Model summary and ANOVA results**

Model	Adjusted R squared	Std. Error of the Estimate	R squared change	F change	F	Sig.
1	.08	.56	.12	3.39	3.39	.012
2	.12	.55	.07	2.04	2.78	.008

From Table 6.1 it can be seen that, for a sample of N= 108, the adjusted R squared in the first model, when only the control variables were entered in the equation, was .08 or explaining 8% of the Adjustment variable, with a significance level of .01.

After entering the WP variables the total variance explained by the model as a whole was 12% (R squared increased to .12 with a significance level of .008), which means that the WP variables explained an additional 4% of variance in adjustment.

To know which of the variables in the final model contributed the most in predicting Adjustment, Table 6.2 shows the *Cognitive variable* with a beta value that equates to 28% of variance explained and a significance of .01. This means that the Cognitive variable makes the strongest and most statistically significant unique contribution to expatriate adjustment, when the variance explained by all other variables in the model is controlled for.

The Beta value for the *normative variable* was lower at 15%, but on the border of the acceptable significance level of .15. It is worth noting that, when the Age variable is controlled for, the significance level is higher at (.11). *Time spent in the host country*

also had a strong impact, explaining 27% of the variance in Adjustment, at a significance level of  $P < .01$ .

**Table 6.2 Standardized coefficients, Betas and significance level**

Variable	$\beta$	Sig.
Number of assignments in last 6 yrs	.03	.747
Averaged length of previous assignments	-.13	.178
Time spent in Egypt so far	.27****	.013
Type of organization	-.06	.586
Regulatory variable	-.05	.590
Cognitive variable	.28****	.010
Normative	.15*	.154
Local/global influence	.00	.970

\*\*\*\* $P < 0.01$ , \*\*\* $P < 0.05$ , \*\* $P < 0.10$ , \* $P < 0.15$

Beta signs for the cognitive, normative and the time spent in host country variables were all positive, indicating a positive relationship between these variables and adjustment. This means that the more the expatriates identify with the cognitive and normative variables characterizing the Egyptian institutional environment, the more their probable adjustment to that environment—thus supporting hypothesis H3b. Also, the longer they stay in the host country, Egypt, the more they are adjusted to it.

To test the effect of the *working relationship variables (WR)* on Adjustment, namely, “Communication skills”, “Nationality and Gender”, “Technical knowledge and Organizational network”, and “Position in the hierarchy”, those variables were entered as four independent variables with Adjustment as the dependent variable. The results were as follows:

**Table 6.3 Models summary and ANOVA results**

Model	Adjusted R squared	Std. Error of the Estimate	R Squared change	F change	F	Sig.
1	.08	.57	.12	2.86	2.86	.028
2	.09	.56	.06	1.44	2.18	.037

**Table 6.4 Coefficients Betas and significance level: Standardized**

Variable	$\beta$	Sig.
Number of assignments in last 6 yrs	.00	.974
Averaged length of previous assignments	-.15	.163
Time spent in Egypt so far	.25***	.042
Type of organization	.01	.927
Communication	.26**	.050
Nationality and gender	-.09	.482
Network and knowledge	.01	.946
Position on the Hierarchy	-.03	.826

\*\*\*\*P<0.01, \*\*\*P<0.05, \*\*P<0.10,\*P<0.15

From Tables 6.3 and 6.4, it can be shown that, similar to the WP results, when all other variables in the model were controlled for, the *working relationship (WR)* variables (N=92) contributed to an increase in the adjusted R squared, but by only 1%, the greatest contribution came from the *Communication skills* variable with a beta value of 26% and a significance of .05. Also the *time spent in the host country*, significantly contributed to the prediction of Adjustment by 25%. The results mean that the more the expatriates perceive the importance of their communication skills in building good relationships at work, and the more time they spent in Egypt, the more likely they are to report a high adjustment score.

In summary, the results show that, in addition to Time spent in the host country, the perception of some of the country institutional measures, precisely the cognitive measure and the normative measure, could have a significant effect on the adjustment of the sampled employees, showing that the more the expatriates can identify with the way the host country nationals interpret issues at work and are able to identify with the working norms, the more likely the expatriates are to adjust, thus supporting the proposed hypothesis H3b. Yet, the non-significant relationship between the Regulatory influence of the host country and expatriate Adjustment means hypothesis H3a is rejected.

Additionally, the more those expatriates value the importance of communicating with host nationals in the workplace, the more adjusted they are. Here, the result is partially supportive of H3c.

Both of these results hold whilst controlling for time spent in host country, type of organization and previous experience.

***Cultural distance (CD), Institutional distance (ID) and Economic level (EL) relationship with Adjustment. Testing H1e, H2, H4 and H6.***

As in the above analysis, hierarchical regression was used to test the effect of Cultural distance (CD), Home institutional distance (HM-ID), Last country institutional distance (LST-ID) and Home country gross domestic product level (HM-GDP) on Adjustment, while controlling for time spent in the host country, type of organization, and previous overseas experience. Or in other words, testing Hypotheses: H1e, H2, H6, and H4 respectively.

**Table 6.5 Models summary and ANOVA results**

Model	Adjusted R squared	Std. Error of the Estimate	R Squared change	F change	F	Sig.
1	.07	.57	.12	2.57	2.57	.045
2	.18	.53	.15	3.66	3.29	.003

From the results presented above in Table 6.5, it can be concluded that, for a sample of N= 83 expatriates, the adjusted R squared in the first model (only the control variables were entered in the equation) explained only 7% of the Adjustment variable, with a significance level of 0.04. After entering the suggested research variables, the total variance explained by the model as a whole was 18% (R squared increased to 0.18 at a higher significance level of .003), which means that the suggested variables explained an additional 11% of variance in adjustment.

**Table 6.6 Standardized coefficients Betas and significance level**

Variable	$\beta$	Sig.
Number of assignments in last 6 yrs	-.09	.422
Averaged length of previous assignments	-.11	.306
Time spent in Egypt so far	.39****	.001
Type of organization	-.11	.358
GDP for home country	-.13	.228
Cultural distance	-.32****	.013
Inst distance for home country	.14	.287
Inst distance for last country assignment	-.25***	.022

\*\*\*\*P<0.01, \*\*\*P<0.05, \*\*P<0.10,\*P<0.15

Table 6.6 shows that *CD* and *LST-ID* significantly influenced Adjustment. CD beta= - 0.32 with sig=0.01, while LST-ID beta= - 0.25 with sig= 0.02, these figures show that Adjustment was explained by 32% from CD and 25% from LST-ID. Also, each of CD and LST-ID explained 8% and 7% of the total variance of adjustment, respectively. As expected, both variables came with a negative beta showing a negative relationship with Adjustment. This indicates that the more the perceived cultural distance or unfamiliarity between the expatriate's home country's and their host country's cultures, the less adjusted they are; supporting hypothesis H1e. On the same track, the more the expatriates perceive distance or unfamiliarity between the institutional environment of the last country assignment they were in and that of the host country, Egypt, the less is their level of adjustment; supporting H6.



Also as in previous analyses, *time spent in the host country* significantly explained Adjustment accounting for 39%. However, expatriates' previous overseas experience, type of organization and the Economic level of the expatriates' home country, showed no effect on adjustment.

To summarize, following the literature, the *perception* of CD was significant in explaining perception of Adjustment—as hypothesized in H1e. However, what makes these results interesting is that, as hypothesized in this study in H6, the Last institutional distance that measures expatriates perception of institutional distance between the last country they were in and their host country was also significant in explaining expatriates' adjustment.

These results showed that while controlling for previous experience, type of organization and the time spent in host country, the three concepts CD, ID and EL each had a different explanatory effect on adjustment, where CD and LST-ID had a significant effect, while, HM-ID and Economic level did not. Therefore it can be concluded that the results support the hypotheses H1e and H6, while rejecting H2 and H4.

***Expatriate's previous overseas experience, language ability, pre-departure training, and organization support, relationship with Adjustment. Testing H1a, H1b, H1c, H1d.***

Tables 6.7 and 6.8, next, show that when regression analysis is used to assess the ability of the variables (expatriates previous overseas experience, language ability, pre-departure training, and organization support, while controlling for time spent in the host country, and type of organization) to explain levels of adjustment of the expatriates (N= 89), the results show that R squared for the whole model is higher (.07) and more significant (.01) in the first model when only control variables are included, than in the second model when the research variables are added.

**Table 6.7 Models summary and ANOVA results**

Model	Adjusted R squared	Std. Error of the Estimate	R Squared change	F change	F	Sig.
1	.07	.57	.09	4.26	4.26	.017
2	.04	.58	.03	.51	1.55	.162

**Table 6.8 Standardized coefficients Betas and significance level**

Variable:	$\beta$	Sig.
Time spent in Egypt so far	.31***	.014
Type of Organization	-.02	.900
No of previous assignments	.03	.801
Length of Previous assignments	-.17*	.124
Language ability	.04	.783
pre-departure training	-.01	.899
Organization support	-.04	.767

\*\*\*\*P<0.01, \*\*\*P<0.05, \*\*P<0.10,\*P<0.15

Supporting previous results, time of stay in the host country variable (sig=.01), was the strongest to affect adjustment, explaining it by 31%. Also, the length of the previous assignment (sig=.12) explained adjustment by 17%. However, contradictory to other study results in the literature, pre-departure training, organization support and language ability variables did not significantly influence adjustment; thus rejecting the assumed relationship between each of these factors and adjustment in hypotheses H1a, H1b and H1d, respectively.

The number of previous overseas experiences did not significantly affect adjustment, yet there was a significant relationship between the length of previous overseas experience and adjustment; however, opposite to what was expected, it was a negative relationship, meaning that the less time expatriates' spent on previous assignments, the greater their adjustment to the current one, and vice-versa. This finding rejects

hypothesis H1c assuming a positive relationship between previous overseas experience and adjustment. It may also support the notion that staying too long in one place can hinder adjustment in future posts. This speculation could be further supported by the result showing that time of stay in the host country was positively related to adjustment, showing that the more expatriates stay in a country the more they get adjusted to or embedded in its environment. This is a finding that warrants further investigation.

So far, according to the results, it is obvious how some variables could significantly explain adjustment while others could not. Those variables which significantly affected expatriates' perceived adjustment were: cognitive; normative; communication skills; cultural distance; last country institutional distance; time spent in the host country; and the length of previous assignments.

Some of those variables were newly suggested in this study (i.e. institutional variables), while others were adopted from the literature. To test the explanatory power of the new research variables against the more traditional variables in the expatriates' literature, the next question—the research overarching question 1—is posed:

- What is the relative impact of the organizational, cultural and institutional level factors on international employees' perceptions of adjustment?

Due to the restriction imposed by the size of this sample on the number of variables used for analysis, only those significant variables from all the above analyses were entered.

Therefore, in a hierarchical regression equation, the significant institutional variables (the cognitive, normative, communication, and last country institution distance variables) were entered against the significant cultural and organizational measures (length of previous overseas experience and cultural distance. Time spent in host country and type of organization, were used as control variables.

A summary of the results is shown in Tables 6.9 and 6.10.

**Table 6.9 Model summary and ANOVA results**

Model	Adjusted R squared	Std. Error of the Estimate	R Squared change	F change	F	Sig.
1	.06	.57	.09	3.47	3.47	.037
2	.14	.55	.10	4.09	3.93	.006
3	.26	.51	.15	3.65	4.10	.001

From the above results, it is clear that (for N=73 expatriates) after controlling for the control variables effect (model 1), and when the variables from the traditional literature were entered (model 2), they explained almost 14% of the variance in perceived adjustment (adjusted R squared=0.14, sig=0.006). After adding the suggested institutional variables, the total variance explained by the model as a whole (model 3) was 26%,  $F = 3.93$ , at  $p < .01$ . The institutional research variables explained an additional 12% of the variance in adjustment; after controlling for the traditional variables, R squared change = .15,  $F$  change = 3.65, at  $p < .01$ .

In the final model, 6 out of the total 8 entered variables were significant; more interestingly, four out of those six significant variables belongs to the institutional variables set, namely: the cognitive, normative, communication and last institution distance variables, against one from the traditional literature set—the cultural distance—in addition to the control variable, time spent in the host country.

The betas from Table 6.10 below show that cultural distance had contributed in predicting the adjustment variable with 29% ( $p < .05$ ), equal to the time in the host country 29% at ( $p < .05$ ), followed by the communication factor with 24% ( $p < .05$ ), and then 23% contribution from the last country-ID and 20% of the cognitive variable at ( $p < .10$ ), while lastly 19% of contribution was provided by the normative variable at ( $p < .15$ ).

**Table 6.10 Standardized coefficients Betas and significance level**

Variable	$\beta$	Sig.
Time in Egypt so far	.29***	.020
Type of Organization	-.09	.446
Averaged length of previous assignments	-.10	.366
Cultural distance	-.29***	.012
Cognitive	.20**	.085
Normative	.19*	.117
Communication	.24***	.035
inst distance for last country assignment	-.23**	.042

\*\*\*\*P<0.01, \*\*\*P<0.05, \*\*P<0.10,\*P<0.15

CD and LST-ID were both uniquely explaining 7%, and 4% of the total variance of adjustment, respectively. They were also negatively related to Adjustment, indicating that the more the distance perceived in each of these variables, the lower the adjustment. However, while both of these variables measure “distance”, there are differences in the interpretation of the meaning in each. While the CD measures distance perceived in terms of the extent of similarities between cultural aspects of the host country and the expatriate’s home country, the LST-ID measures the distance perceived in the institutional environment of the last country the expatriates were in compared to their country institutional environment in Egypt.

Moreover, and similar to previous analyses, perceptions of the Cognitive, Normative and Communication skills variables were positively related to Adjustment, showing that the more the expatriates perceive these variables, the more likely they are to report a high Adjustment score. Also, time spent in the host country was positively related to adjustment, showing the positive relation with this variable, and confirming its importance in explaining adjustment.

To summarize this section, the results showed that the final model (after adding the new significant research variables) had significantly almost doubled the R squared value (from .14 to .26). Therefore, this model succeeded in explaining more of the variation in the Adjustment variable, showing the importance of the suggested institutional variables.

From this section, some interesting results have been reached so far, however, it would be even more challenging if we could further investigate these relationships on the two sub-sets of expatriate samples, in addition to the whole population.

Despite the fact that the type of organization variable, when controlled for in previous analyses, did not show any significant effects on Adjustment, the pilot work and the conceptual argument built up in this research make it inevitable to study the two sub-samples individually. Moreover, it should not be overlooked that there might be a possibility that other variables in the model (in the presence of a restricted sample size) could have statistically masked the effect of type of organization. Therefore, this variable should be examined closely and in more detail.

We need to know whether Adjustment of expatriates in UN and MNC organizations is different/similar, if there are other differences/similarities in other variables in the model, and whether their adjustment is affected by the same set of variables. In the next section, these queries –testing overarching research question 2 - are explored in detail. However, it is important to note that due to the restriction imposed by the small size of the sample in each group (especially the UN), the results from this section should be interpreted with some caution. Generally, the aim of the analyses in this section is more towards exploring these research questions rather than confirming and generalizing.

## 6.2. Examining Research Question 2: the differences between UN and MNC organisations

This section presents the results of analysing research question 2 which addresses the difference and similarities between UN and MNC samples in their degree of adjustment and on other factors in the model that explain adjustment.

This overarching question was tested in three stages, first, by looking at two main hypotheses (H7 and H8); second, by exploring the UN and MNCs differences/similarities on a range of other factors in the model (CD, ID, EL, CIM, Pre-departure training, Language ability, Previous overseas assignment); and third, by showing the factors that explain adjustment in each sample group.

### *First, testing H7 and H8*

#### *The difference between UN and MNC's degree of adjustment. Testing H7.*

The pilot study revealed that there might be some differences in the perceived adjustment level between the UN and MNC groups and that UN expatriates could be more adjusted than MNCs. This research question tests, specifically, H7.

To test this hypothesis, one-way between-groups ANOVA analysis was used. The results in Tables 6.11 and 6.12 show that there was a statistically significant difference at the  $p=0.06$  level in the adjustment scores for the two sampled groups; ( $F=3.4$ ,  $p=0.069$ ).

The means scores indicate that the UN expatriates ( $N=28$ ) perceived an “adjusted” level ( $M=3.7$ ;  $s.d. =0.55$ ), while, those of MNCs ( $N=88$ ) perceived a “neutral” level of adjustment ( $M=3.5$ ,  $s.d. =0.59$ ), on a scale of 1-5 where 5= highly adjusted. Therefore, UN expatriates reported significantly higher adjustment scores than their MNC counterparts.

**Table 6.11 results of the Adjustment variable**

	N	Mean	Std. Deviation	Minimum	Maximum
UN	28	3.7	.55	2.80	5.00
MNC	88	3.5	.59	1.80	5.00
Total	116	3.6	.58	1.80	5.00

**Table 6.12 ANOVA results**

	F	Sig
Diff. between groups	3.38	.069

\*\*\*\*P<0.01, \*\*\*P<0.05, \*\*P<0.10,\*P<0.15

The results above support the study's assumption (in H7) claiming that UN expatriates are more adjusted than MNC expatriates; however, it does not say whether this adjustment could be explained by the UN "bubble effect" and/or other variables on the model. The extent to which this difference in adjustment level could be explained by research variables in the model will be further investigated later.

#### ***The difference between UN and MNC's perception of CIM. Testing H8.***

Although the H8 focuses mainly on the local/global factor which tests the differences between MNC and UN expatriate's perception of their working practices whether it is locally or globally sourced, however, because the local/global factor is considered a general question to the CIM variable and one part of other components forming the CIM construct, thus all the CIM variables including the local/global factor will be tested in this analysis to give us a clear view of the whole construct.

In a MANOVA equation, involving the Working Practice (WP) variables, or the regulatory, normative and cognitive variables, and local/global influence variable, the results (Table 6.13) show that there was a statistically significant difference between the



UN and MNCs groups on the combined dependent variables,  $F= 3.94$ ,  $p= .005$ , Wilks' Lambda= 0.87; and partial eta squared with medium effect= 0.13.

**Table 6.13 MANOVA results**

Variable	Wilks' $\lambda$	F	d.f.	$\eta^2$
Type of org.	.87	3.94****	4	.13

\*\*\*\* $P<0.01$ , \*\*\* $P<0.05$ , \*\* $P<0.10$ , \* $P<0.15$

When the results for the dependent variables were considered separately, three variables recorded a significant difference. *Regulatory variable*,  $F= 12.7$ ,  $p=.001$ , partial eta squared=.11 (medium effect); *the local/global influence variable*,  $F=2.01$ ,  $p=.15$ , and partial eta square= 0.02 (small effect); and the *normative variable*,  $F=2.16$ ,  $p=.14$ , and partial eta square= 0.02 (small effect).

**Table 6.14 Univariate effects from MANOVA and descriptive results**

	F	$\eta^2$	Means and S.D.	
			UN	MNC
Cognitive	.69	.006	3.3 (.79)	3.2 (.7)
Normative	2.16*	.02	3.8 (.66)	3.9 (.55)
Regulatory	12.7****	.105	1.7 (.99)	2.6 (.86)
Local/global	2.01*	.02	3.6 (1.2)	3.2 (1.05)

\*\*\*\* $P<0.01$ , \*\*\* $P<0.05$ , \*\* $P<0.10$ , \* $P<0.15$

The mean scores in Table 6.14 indicate that UN expatriates ( $N= 27$ ) perceived the Egyptian regulatory influence in shaping their employment practices as only having a “little influence” ( $M=1.7$ ) in comparison to MNC expatriates ( $N=84$ ) who perceived it as having a “moderate” influence ( $M=2.6$ ), showing that the UN expatriates had a

perception level of the host country regulatory influence which was significantly lower ( $p < .01$ ) than MNC expatriates.

The same results, but with a low significance value ( $p=.15$ ), were found for working practices local/global influence: the UN expatriates perceived ( $M=3.6$ ) their working practices to reflect uneven local country and global organization influences, where the global practices were seen to be more influential compared to MNC expatriates who perceived their working practices to reflect an even influence of 50/50 combination of the local country influence and the global organizational influence ( $M=3.2$ ).

After running frequency analysis on this variable, the results showed that more than half of the UN sample (57%) chose the 4<sup>th</sup> and 5<sup>th</sup> options, 30% chose the 1<sup>st</sup> and 2<sup>nd</sup> options, and just 10% chose the middle case. In the MNC sample, slightly less than half (45%) chose options 4 and 5, 25% selected 1<sup>st</sup> and 2<sup>nd</sup> options and 26% chose the middle option. These results indicate there is a slight difference between the two samples, showing that the majority of the UN sample perceived their employment practices to be shaped by mainly their international organization practices compared to the MNC sample which reflects a combination of different selections, leaning less to the international organization options and more to the middle and the local impact options.

These results shed light on the hypothesized “bubble effect” that was addressed in this study, and the standardized working practices in UN organizations compared to MNCs, specifically supporting hypothesis H8.

The Normative factor also differentiated between the two groups but again with a low significance value ( $p=.14$ ). The perception of the sentences describing the normative variable was “agreed” upon by both groups, showing that they could both identify with the characteristics describing the working norms and practices in Egypt. However, their means were slightly different ( $M= 3.9$  for MNCs and  $M=3.8$  for UN on a scale of 1-5, where 5=strongly agree), indicating that MNC expatriates were slightly higher in agreeing and identifying with the Egyptian normative workplace characteristics than were UN expatriates.

To assess the differences in perceptions of the institutional working relationship variables, in another MANOVA equation, all the WR variables, namely: “Communication skills”, “Nationality and gender”, “Technical knowledge and organizational network”, and “Position in the hierarchy”, were entered as dependent variables against type of organization as the independent variable.

**Table 6.15 MANOVA results**

Variable	Wilks' $\lambda$	F	d.f.	$\eta^2$
Type of org.	.84	4.34***	4	.16

\*\*\*\*P<0.01, \*\*\*P<0.05, \*\*P<0.10, \*P<0.15

The results in Table 6.15 show that the whole model had a significant difference between the UN (N=16) and MNC (N=79) groups (Wilks' Lambda =.84, F= 4.34, P=.003, partial eta square=0.16 (large effect)).

For separate dependent variables (Table 6.16), UN and MNCs were significantly different in their perception to the importance of their “Communication skills” (F= 6.33, p=.01, partial eta square=.06), and their “nationality and gender” (F= 7.58, p=.007, partial eta square=.075), in building good relationships with their host nationals (supervisors, peers and subordinates) in the workplace.

**Table 6.16 Univariate effects from MANOVA and descriptive results**

	F	$\eta^2$	Means and S.D.	
			UN	MNC
Communication skills	6.33***	.06	4.6 (.47)	4.1 (.77)
Nationality and gender	7.58****	.075	2.3 (.96)	3.0 (.92)
Network and knowledge	.59	.006	4.0 (.65)	4.0 (.67)
Position in Hierarchy	.83	.009	4.0 (.95)	4.0 (.77)

\*\*\*\*P<0.01, \*\*\*P<0.05, \*\*P<0.10, \*P<0.15

From table 6.16, it can be concluded that UN expatriates significantly ( $p = .01$ ) perceived their “communication skills” as a “very important” factor ( $M=4.6$  on a scale of 1-5, 5=very important;  $s.d.=.47$ ) in building good working relationships with Egyptian employees, more so than do their counterparts in MNC organizations who perceived it to be just “important”.

In contrast, MNCs had significantly ( $p < .01$ ) perceived their “Nationality and gender” as “somewhat important” in building good working relationships ( $M=3$ ,  $s.d=.92$ ), compared to UN expatriates who perceived this factor as “not very important” ( $M=2.3$ ,  $s.d=.96$ ).

Both groups did not differ in their perceptions of the importance of their “network and knowledge” nor their “position in the hierarchy” in building good working relationships with their host nationals. Nevertheless, their mean scores (UN and MNCs at  $M=4.0$ ) showed that both groups’ perceptions were leaning to view these two factors as “important” factors.

To summarize, the UN and MNC expatriates significantly differed in their perceptions of some of the institutional factors measured in this study, mainly; the regulatory variable, the local/global influence variable, the normative variables, the importance of their communication skills and their nationality and gender in building good relationships at work. However, they were similar (not different) in their perceptions of the rest of the institutional research variables in this study.

### ***Second, the difference between UN and MNC samples on their perception to other factors in the model***

In this section we explore if there are any differences/similarities between the two sampled groups on other factors in the model, as follows:

#### ***On the Cultural distance and Institutional distance factors***

To test if the two samples are different on the CD and ID variables, a one-way between-groups multivariate analysis of variance (MANOVA) is performed, where CD, HM-ID,

LST-ID as three dependent variables were entered against the type of organization as the independent variable.

**Table 6.17 MANOVA results**

Variable	Wilks' $\lambda$	F	d.f.	$\eta^2$
Type of org.	.87	3.78****	3	.127

\*\*\*\*P<0.01, \*\*\*P<0.05, \*\*P<0.10, \*P<0.15

According to the summary in Table 6.17, there is a statistically significant difference between UN and MNC groups on the combined dependent variables,  $F = 3.78$ ,  $p < .01$ , Wilks' Lambda = 0.87; and partial eta squared = 0.13, which is, according to generally accepted criteria (Cohen, 1988, p. 284-7), leaning towards a large effect (small effect = .01, Moderate effect = .06, and large effect = .14).

When the results for the dependent variables were considered separately (see table 6.18), there were two differences to reach statistical significance, in the Home-ID,  $F = 3.95$ ,  $p = .05$ , partial eta squared = .05; and in the Last-ID,  $F = 3.16$ ,  $p = 0.08$ , and partial eta squared = 0.04.

**Table 6.18 Univariate effects from MANOVA and Variables descriptive**

Variable	F	$\eta^2$	Means and S.D.	
			UN	MNC
HM-ID	3.95***	.05	3.6 (.76)	3.9 (.70)
LST-ID	3.16**	.04	3.7 (.84)	3.3 (.91)
CD	.08	.00	3.8 (.66)	3.7 (.65)

\*\*\*\*P<0.01, \*\*\*P<0.05, \*\*P<0.10, \*P<0.15

An inspection of the mean scores indicated that MNC expatriates (N=64) reported a significant ( $p < .01$ ) higher level of perceived HM-ID ( $M = 3.9$  -where on a scale of 1-5, 5 = "Not at all similar",  $SD = 0.7$ ) than UN (N= 18) ( $M = 3.6$ ,  $SD = 0.76$ ). MNC expatriates perceived their home country institutional environment to be "not at all similar" to

Egypt's institutional environment, while UN expatriates perceived their Home country institutional environment as just "not very similar" to Egypt's institutional environment, highlighting that, despite the fact that both groups perceived some distance and dissimilarities between their home countries institutional environments and the host country's institutional environment, the MNC expatriates perceived a larger distance than UN expatriates.

By contrast, UN expatriates' perception for LST-ID ( $M=3.7$ ,  $s.d=.84$ ) was higher than MNCs' ( $M=3.3$ ,  $s.d=.91$ ) at significant level  $p<.10$ . UN expatriates' perception of their last country assignment institutional environment as "not very similar" to Egypt's institutional environment, compared to MNCs who perceived it as "somewhat similar" to Egypt's Institutional environment, showed that UN expatriates perceived a larger last country institutional distance than MNC expatriates.

In summary, both groups have different perceptions for the Home and Last country ID, while not being significantly different on the CD. Both groups had almost the same perception for the host country Egyptian culture, where they both perceived it as "not very similar" to their home culture (CD: for UN,  $M=3.8$ ; for MNCs,  $M=3.7$ ).

It should be noted that these results draw attention to the importance of differentiating between "Home" and "Last" country ID in measuring "Institutional Distances" and also to the difference between "Institutional" compared to "Cultural" aspects in assessing "distance" measures.

***On gender, age, previous overseas experience, pre-departure training, language ability and time spent in host country factors***

A MANOVA was used where six variables (gender, age, previous overseas experience; pre-departure training; language ability; and time spent in host country) were entered as dependent variables and Type of organization as the independent variable.

**Table 6.19 MANOVA results**

Variable	Wilks' $\lambda$	F	d.f.	$\eta^2$
Type of org.	.47	10.64****	8	.5

\*\*\*\*P<0.01, \*\*\*P<0.05, \*\*P<0.10, \*P<0.15

Table 6.19 shows that there was a statistically significant difference between UN and MNC groups on the combined dependent variables,  $F=10.64$ ,  $p=.000$ , Wilks' Lambda=.47; and partial eta squared=.5.

There were five variables with differences that reached statistical significance, these were: respondents' *gender*  $F=30.3$ ,  $p=.000$ , partial eta squared=.27; *time spent* in host country  $F=16.26$ ,  $p=.000$ , eta squared=.17; *pre-departure training*  $F=2.66$ ,  $p=.11$ , eta squared=.03; *organization support*  $F=14.65$ ,  $p=.000$ , eta squared=.15; and *language ability*  $F=38.87$ ,  $p=.000$ , eta squared=.32.

Results of the univariate MANOVA and means and standard deviations are summarized in Table 6.20, below.

**Table 6.20 Univariate effects from MANOVA and descriptive results**

	F	$\eta^2$	Means and S.D.	
			UN	MNC
Gender	30.30****	.27		
Org. support	14.65****	.15		
Pre-departure training	2.66*	.03		
Time spent in host country	16.26****	.17	5.8 (2.08)	3.9 (2.01)
Language ability	38.87****	.32	2.9 (1.16)	1.7 (.60)
Age	.038	.01	44.4 (10.46)	43.1 (8.30)
Average length of assign.	.87	.01	5.1 (2.86)	4.5 (2.31)
Average no. of assign.	.002	.00	3.2 (2.20)	3.2 (1.80)

\*\*\*\*P<0.01, \*\*\*P<0.05, \*\*P<0.10, \*P<0.15

From the table it is clear that the mean scores indicate that UN expatriates (N= 25) had spent nearly 4 years in the host country (Egypt) (M=5.8, S.D.=2.1) which is longer than MNC expatriates (N=59) who spent around 2 years (M=3.9, SD=2).

The language ability values showed that UN expatriates can speak the Arabic language better (M=2.9, where on a scale of 1-5, 5=fluently; s.d. =1.16) than MNC expatriates (M=1.7, S.D. =.6). UN expatriates reported that they can speak the host country language to a “moderate” level, in comparison to the MNC expatriates who reported they speak it just “a little”. This discrepancy could be explained by the presence of Arabic native expatriates working in the WHO organization, compared to the MNC expatriates who were non-Arabic speakers.

By doing frequency analysis on the gender, age, pre-departure training and organization support, more results were detected (see Table 6.21 next).



**Table 6.21 Frequencies and percentages for the research variables**

Variables	UN		MNC	
	Frequency	Percent	Frequency	Percent
<b>Gender:</b>				
Female	15	50%	5	5%
Male	15	50%	91	93%
Missing/omitted	0	0%	2	2%
<b>Age:</b>				
>40	11	37%	30	31%
40=<	19	63%	42	43%
Missing/omitted	0	0%	26	26%
<b>Org Support:</b>				
0%	3	10%	2	2%
>50%	12	40%	10	10%
50%	4	13%	16	16%
< 50 >100%	9	30%	35	36%
100%	0	0%	27	28%
Missing/omitted	2	7%	8	8%
<b>Pre-departure Training:</b>				
No training	18	60%	41	42%
Training undertaken by expats and/or by org.	12	40%	56	57%
Missing/omitted	0	0%	1	1%
Training provided by org. only	6	20%	35	36%
Self-initiated training only	8	27%	26	27%
No training undertaken because Org. does not provide training	18	60%	31	32%
No training undertaken, but org does provide training	1	3%	17	17%
<b>Types of Pre-departure Training:</b>				
Cultural orientation training	6	20%	28	29%
New Job role training	12	40%	36	37%
Information on the new work environment	9	30%	32	33%
Arabic language training	2	7%	7	7%

The results show that the UN sample (N=30) had 50% females and 50% males, while MNCs (N=96) had 93% males and only 5% females; these results show that the expatriate groups differ in their gender composition, which can be explained by the nature of the organization or job each group of expatriates were working for or

performing. Most of the expatriates in the MNC group worked in petroleum organizations which, by their nature, employ mostly male expatriates; this is in contrast to the nature of the jobs in the UN organizations which do not require special gender specifications.

Both groups of expatriates did not significantly differ in their *age range*, the UN had most of its population (63%) in the age category of 40 years and over, with most of the MNC population (43%) falling into the same age range. A large number of non-responses, totalling 26%, was recorded, indicating missing entries which could be due to the omission of this question.

From Table 6.21, it can also be observed that more than half of the UN sample (60%) and close to half of the MNC sample (42%) had no pre-departure training before their current job; this could be explained (as hinted in the pilot study interviews) by the degree of previous overseas experience these expatriates have enjoyed (the nature of their expatriation career), which may affect the likelihood and/ or the amount of training they may need before each post. Nevertheless, of the rest who undertook training, 57% of expatriates in MNCs compared to 40% in the UN had undertaken pre-departure training.

Moreover, the numbers who had training provided by their organizations were higher in MNCs (36%) than the UN (20%); also, expatriates who reported that their organization does not provide any training were higher in the UN (60%) than MNCs (32%); this indicates the differences in pre-departure training orientation in each organization. However, it could again be explained by the nature of the post or the job in each organization (UN posts do not require as much training as MNC posts) or the expatriation process and/or individual expatriate's experience in each organization (it may be that the UN expatriates are more familiar with the expatriation process than the MNC expatriates and therefore do not require training with every single posting). This finding supports Suutari and Brewster's (2001, 2003) results which show that UN's expatriates are rarely supported with induction and cultural training.

In contrast, the forms of training undertaken were similar among the two groups. Both groups reported that the most common type of training they had undertaken was work-

focused; 40% of expatriates in the UN and 37% in MNCs were trained on their new job role, and 30% in the UN and 33% in MNCs were trained on and given information about their new working environment. Lower percentages (UN=20%; MNC=29%) had host-culture orientation, and very few expatriates (UN= MNC=7%) were trained on the Arabic language.

The majority of expatriates in both the UN and the MNC samples, 83% and 90% respectively, reported they had received some form of organization support while they were on their current posting. However, they were not receiving this support equally: 28% of expatriates in MNCs (compared to none in UN) reported they had received all the types of support recorded in this question, and 52% of MNC expatriates had at least half of the forms of support recorded, compared to 46% in UN organizations. These figures show that despite both groups having received some form of organizational support, the MNC expatriates had received more organizational support than the UN expatriates. Again, this could be referred back to the nature of each organization. The pilot study showed that UN expatriates are diplomats in any host country they are posted to, this could be a very important type of support *per se* that would alleviate their needs for other forms of support (e.g. visa and work permits).

To sum up, according to the descriptive results given, the two groups significantly differed in the time each spent in Egypt, their Arabic language abilities, their gender composition, their pre-departure training, and the organizational support received.

#### ***On the economic level of the home country of expatriates and of the last country assignment***

In a general linear model equation, the 4 economic measures (Home country HDI, Home country GDP, Last country assignment HDI and Last country assignment GDP) were entered as dependent variables against Type of organization as an independent variable. The results in Table 6.22 below show that the whole model was significant at  $p=.001$ ,  $F=5.16$ , Wilks' Lambda=.8, and partial eta squared=.199.

**Table 6.22 MANOVA results**

Variable	Wilks' $\lambda$	F	d.f.	$\eta^2$
Type of org.	.8	5.16****	4	.199

\*\*\*\*P<0.01, \*\*\*P<0.05, \*\*P<0.10, \*P<0.15

For individual variable results, the economic level measures showed significant differences between the two sampled groups (UN: N=21 and MNC: N=67), indicating that the expatriates came from contexts with different home-country economic levels and last-country-assignment economic levels.

The tables below show that HDI scores ( $F=10.68$ ,  $p=.002$ , partial eta squared=.11) and the GDP scores ( $F=4.4$ ,  $p=.038$ , partial eta squared=.05) for home country economic levels were both significant, showing the extent to which expatriates from UN and MNCs came from home countries that are different in their economic standards. The mean scores of the home countries for each group, shown in Table 6.23, show that MNC expatriates' home countries ( $GDP=4.31$ ;  $HDI=.91$ ) are more highly developed than UN's ( $GDP=1.87$ ;  $HDI=.82$ ).

**Table 6.23 Univariate effects from MANOVA and descriptive results**

	F	$\eta^2$	Means and S.D.	
			UN	MNC
HDI home country	10.687****	.11	.82 (.18)	.91 (.08)
GDP home country (in trillion US dollar)	4.44***	.049	1.87 (3.00)	4.31 (5.01)
HDI last country assignment	8.86****	.09	.72 (.20)	.83 (.12)
GDP last country assignment (in trillion US dollar)	.007	.000	2.46 (4.81)	2.55 (4.31)

\*\*\*\*P<0.01, \*\*\*P<0.05, \*\*P<0.10, \*P<0.15

Note that the HDI mean scores do not have a huge gap between the two groups' means, while GDP scores do—this directs attention to the differences between the two economic measures.

This difference between the GDP measure and the HDI measure was clearer in the results for the last country assignment variable, the HDI ( $F= 8.86$ ,  $p=.004$ , partial eta squared=.09) significantly differentiating between the UN and MNC groups while the GDP scores did not show any significant difference ( $p= .93$ ) between the two groups. The results—based on the HDI measure only—showed that the MNC expatriates were working in countries prior to Egypt which had an economic level higher than the UN expatriates' last country assignment level.

To summarise, the results in this section indicate that the two sampled groups—UN and MNC—were different on some variables and the same on others. A summary of the variables which significantly differentiated the groups, and those that did not, are presented in the next table (Table 6.24). These similarities and differences are important in providing a more contextual explanation to the relationships explored.

|

**Table 6.24 Summary of the Differences and Similarities between UN and MNCs groups, on the research variables**

Differences		No differences (similarities )	
Home-ID	MNC higher, “not at all similar”	Cultural Distance	Both groups: “Not very similar”
Last-ID	UN higher, “not very similar”	Cognitive var.	Both groups: “Neither disagree nor agree”
Regulatory var.	MNC higher influence	Normative var.	Both groups: “Agree”
Global/local influence	MNC local influence, UN global influence	Imp.of Network& knowledge	Both groups: “Important”
Importance of Communication skills	UN higher	Imp. of Hierarchy position	Both groups: “Important”
Importance of Nationality&gender	MNC higher	Age	No significant difference between age groups.
Time in host country	UN longer	Previous overseas assignments	Average of 2 assignments, average of 2-3 years.
Pre-departure training	MNC had more training		
Organization support	MNC had more support		
Language ability	UN better ability		
Economic level (HDI-HM, HDI-LST, GDP-HM)	MNC higher in (HM) EL and in (LST) EL.		

This table provides a summary of differences between the two sampled groups. The next part tests whether differences in adjustments could be explained differently by different variables in the model.

### ***Third, factors explaining adjustment among UN and MNC groups***

In this section the aim was to examine the relationship between the factors on the model and adjustment in each of the sampled group and not on the whole population as done in

section 6.1 addressing question 1, earlier. Thus in this analysis, “individual” samples of UN and MNC expatriates will be tested separately and then the results of two groups will be compared.

It is important to emphasize that, due to the small sample size each group involves, no control variables will be considered on the regression analysis in this division. Accordingly, and similar to part one above, the results here have to be considered with caution. Nevertheless, different authors have given different guidelines concerning the number of cases required for multiple regressions. According to Stevens’ (1996, p. 72) recommendations (in social research studies 15 subjects per predictor are needed for a reliable equation), the current study’s analyses meet this criteria.

The analyses will first test the effect of CIM on Adjustment, followed by testing the explanatory power of Institutional distance and Cultural distance on adjustment, and ending up by testing the effect of the traditional research variables on adjustment.

### ***Country Institutional Measures (CIM) relationship with Adjustment***

In the current analysis, the CIM factors are examined to test if they affect the perceptions of adjustment of the two groups differently.

First, standard multiple regression analysis was used to examine if any of the WP variables (normative, cognitive, regulatory, global/local influence factors) can influence the adjustment variable. This analysis was run twice, once on the UN and then on the MNC sample.

The following table (Table 6.25) shows the results for the regression equation, involving the regulatory, normative, cognitive variables and global/local influence variable as four independent variables and adjustment as the dependent variable on the *UN sample* (N=26).

**Table 6.25 Models summary and ANOVA results**

Model	Adjusted R squared	Std. Error of the estimate	F	Sig.
1	.15	.51	2.11	.116

According to these results, the whole model was significant at level of  $p < .15$  and the adjusted R squared was .15, indicating that the CIM variables combined explained a 15% variation in adjustment.

Table 6.26 shows that the only contribution of the independent variables came from the cognitive variable with a beta= 54% and a significance of 0.05. The positive sign beta indicates a positive relationship between the perception of the cognitive variable and the adjustment, which means that the more the expatriates can identify with the cognition, way of thinking and interpretation of the host nationals, the more likely they are to adjust in their post.

**Table 6.26 Standardized coefficients Betas and significance level**

Variables	$\beta$	Sig.
Regulatory variable	-.21	.367
Cognitive variable	.54**	.057
Normative	.25	.296
Local/global influence	-.01	.979

\*\*\*\* $P < 0.01$ , \*\*\* $P < 0.05$ , \*\* $P < 0.10$ , \* $P < 0.15$

To test the effect of the *working relationship* (WR) variables on Adjustment, namely: “Communication skills”, “Nationality and gender”, “Technical knowledge and organizational network”, and “Position in the hierarchy”, these variables were entered as four independent variables and Adjustment as the dependent variable in a standard regression equation on a UN sample of N=15 subjects (though this is a significantly



small sample size, the equation still satisfies Stevens' (1996) condition of 15 subjects per predictor), and the results were as follows:

**Table 6.27 Model summary and ANOVA results**

Model	Adjusted R squared	Std. Error of the estimate	F	Sig.
1	.69	.30	8.78	.003

Table 6.27 shows that almost 70% of the variation in adjustment was explained by the WR factors at a high significance level  $p < .01$ , and  $F = 8.78$ . Table 6.28 indicates that the most significant contribution (57%) was by the "nationality and gender" factor at a significance level of  $p < .01$ , followed by "network and knowledge" factor (60%) but at a lower significance level of  $p < .05$ , then the least significant contribution came from the communication factor with 46% of contribution at  $p < .05$ .

**Table 6.28 Standardized coefficients Betas and significance level**

Variables	$\beta$	Sig.
Communication factor	.46***	.025
Nationality and Gender factor	-.57*****	.008
Network and knowledge factor	-.60***	.022
Hierarchy factor	.01	.971

\*\*\*\*\* $P < 0.01$ , \*\*\* $P < 0.05$ , \*\* $P < 0.10$ , \* $P < 0.15$

The negative sign beta in the two variables (nationality and gender; and network and knowledge) indicates that there is a negative relationship between these variables and adjustment, showing that the more the expatriates perceive these variables as being important in building good relationships with host nationals, the less they perceive their adjustment. However, on the contrary, the more they perceived the importance of their communication skills, the more they perceived their adjustment.

To be able to compare the above results between UN and MNC expatriates, the above regression equations will be re-tested, but this time on the MNC sample.

The following table shows the results for the first *CIM regression* equation, involving the regulatory, normative and cognitive variables and global/local influence variable as four independent variables and adjustment as the dependent variable on the *MNC sample* (N=84).

**Table 6.29 Model summary and ANOVA results**

Model	Adjusted R squared	Std. Error of the estimate	F	Sig.
1	.02	.59	1.43	.23

Results on the model summary and ANOVA in Table 6.29 show that the whole model was not significant in explaining any variation in adjustment for the MNC group. Though results were not significant for the whole model, nevertheless, similar to results in the UN sample, the cognitive variable significantly contributed to the variation in adjustment (beta=.27 at  $p < .05$ ).

**Table 6.30 Standardized coefficients Betas and significance level**

Variables	$\beta$	Sig.
Regulatory variable	-.03	.812
Cognitive variable	.27***	.024
Normative	.14	.221
Local/global influence	-.08	.480

\*\*\*\* $P < 0.01$ , \*\*\* $P < 0.05$ , \*\* $P < 0.10$ , \* $P < 0.15$

To test the effect of WR on adjustment, the second regression equation was run on the WR factors against adjustment on the *MNC sample* (N=76).

**Table 6.31 Model summary and ANOVA results**

Model	Adjusted R squared	Std. Error of the estimate	F	Sig.
1	.02	.59	1.42	.236

**Table 6.32 Standardized coefficients Betas and significance level**

Variables	$\beta$	Sig.
Communication factor	.21	.162
Nationality and Gender factor	-.05	.752
Network and knowledge factor	.12	.412
Hierarchy factor	-.04	.790

\*\*\*\*P<0.01, \*\*\*P<0.05, \*\*P<0.10,\*P<0.15

Similarly to the CIM factors results above, the WR results did not show any significant effect on adjustment. Tables 6.31 and 6.32 show no significant results for both the whole model and the individual effects.

To summarize the results for the current question, the results of the two regression equations run on the UN and the MNC samples individually showed that *for the UN sample*; the cognitive factor and three of the WR factors (the communication skills, nationality and gender, and network and knowledge) affected the perception of adjustment. However, *for the MNC sample*, only the cognitive factor explained variation in the adjustment variable.

***Cultural distance (CD), Institutional distance (ID) and Economic level (EL) relationships with adjustment***

This analysis tests the explanatory power of the CD, ID and EL variables on adjustment for each sample group.

In a regression equation, Cultural distance, Home and Last institutional distance variables as measures of the ID variable, and the GDP of the home country as a measure of the economic level (EL). This variable was chosen to represent the economic measure because it was the strongest and most significant on adjustment compared to the other economic measures.

The results on the *UN sample* (N= 18) in Table 6.33 show that the combined variables explain 50% of the variance in expatriate adjustment, with a significance level of  $p<.05$  and  $F=4.82$ . Table 6.34 shows that the individual contribution of these variables came largely from the economic variable which alone predicted 81% of adjustment at a significance level of  $p<.01$ , followed by a 47% contribution by the Home-ID at a significance level of  $p<.05$ , and 34% by the Last-ID variable at a significance level of  $p<.10$ .

**Table 6.33 Model summary and ANOVA results**

Model	Adjusted R squared	Std. Error of the estimate	F	Sig.
1	.51	.44	4.82	.017

**Table 6.34 Standardized coefficients Betas and significance level**

Variables	$\beta$	Sig.
Inst. distance for home country only	-.47***	.053
Inst. distance for last country assignment only	-.35**	.087
GDP for home country	.81****	.005
Cultural distance	-.39	.158

\*\*\*\* $P<0.01$ , \*\*\* $P<0.05$ , \*\* $P<0.10$ , \* $P<0.15$

The negative sign of the beta in the Home and Last countries ID variables shows a negative relationship between these variables and adjustment, indicating that the higher the UN expatriates perceived the institutional distance between their home country and last country assignment before they visited and Egypt, the less they are adjusted.

In contrast, the positive beta on the Economic measure (GDP home country) indicates that the higher the GDP or the economic level of the expatriate's home country, the higher their adjustment in Egypt.

The results on the *MNC sample* (N= 64) in Table 6.35 shows that the combined variables explained 12% of the adjustment variable at a significance level of  $p < .05$  and  $F = 3.13$ . Table 6.36 shows that the individual contribution of these variables came from the cultural distance variable which contributed almost 34% at a significance level of  $p < .05$  (sig=.04), followed by a low significant contribution (20%, sig=.125) by the economic measure variable. Opposite to the UN results, the negative beta on the Economic measure (GDP home country), indicates that the higher the GDP or the economic level of the MNC expatriate's home country, the lower their adjustment in Egypt.

**Table 6.35 Model summary and ANOVA results**

Model	Adjusted R squared	Std. Error of the estimate	F	Sig.
1	.12	.58	3.13	.021

**Table 6.36 Standardized coefficients Betas and significance level**

Variables	$\beta$	Sig.
Inst distance for home country only	.21	.190
Inst distance for last country assignment only	-.17	.181
GDP for home country	-.19*	.125
Cultural distance	-.34***	.040

\*\*\*\* $P < 0.01$ , \*\*\* $P < 0.05$ , \*\* $P < 0.10$ , \* $P < 0.15$

The results from the MNC sample, compared to the UN sample, confirm that the explanatory power of the ID variables, the CD and the EL variable on adjustment could differ according to the sample under study. It shows that UN expatriates' adjustment was affected mainly by the ID perception and the EL of the home country of the expatriates; while in contrast, the MNC expatriates' adjustment was explained mainly by the CD variable and marginally by the EL.

However, the difference in the beta signs for the EL variables between the MNC and UN results draws attention to the difference in the relationship between home country EL and Adjustment within the two samples. While the UN expatriates from high EL home countries perceived a high Adjustment level and vice versa (positive relationship), the MNC expatriates from high EL home countries perceived a low Adjustment level and vice versa (negative relationship).

***Expatriates' previous overseas experience, language ability, pre-departure training, organization support, and time spent in the host country: relationships with Adjustment***

This analysis is looking at testing the extent to which the variables: expatriates' previous overseas experience, language ability, pre-departure training, organization support and time spent in the host country explain the UN expatriates' Adjustment level as compared to the MNC group's Adjustment.

Tables 6.37 and 6.38, below, show that when regression analysis was used to assess the ability of the above named variables to explain levels of adjustment of the UN expatriates (N=25), the results showed that the whole model was not significant (sig=.9), nor were the individual analyses on the variables.

**Table 6.37 Models summary and ANOVA results**

Model	Adjusted R squared	Std. Error of the Estimate	F	Sig.
1	-.19*	.60	.35	.9

*\*A negative R squared value indicates large number of useless regressors.*

**Table 6.38 Standardized coefficients Betas and significance level**

Variable:	$\beta$	Sig.
No of previous assignments	-.09	.717
Length of Previous assignments	-.30	.268
Time spent in Egypt so far	.03	.89
Language ability	-.13	.566
Pre-departure training	.22	.42
Organization support	-.22	.50

\*\*\*\*P<0.01, \*\*\*P<0.05, \*\*P<0.10,\*P<0.15

Similarly, when the same test was run on the MNC sample (N=62), there was a non-significant result (.23) for the whole model (see Table 6.39). However, as shown in Table 6.40, the variable *time spent in the host country* still significantly contributed (34%) in predicting adjustment, at a significance level of  $p<.05$ .

**Table 6.39 Models summary and ANOVA results**

Model	Adjusted R squared	Std. Error of the Estimate	F	Sig.
1	.04	.58	1.396	.23

**Table 6.40 Standardized coefficients Betas and significance level**

Variable	$\beta$	Sig.
No of previous assignments	.09	.55
Length of Previous assignments	-.15	.25
Time spent in Egypt so far	.34***	.018
Language ability	.10	.44
pre-departure training	-.04	.786
Organization support	-.03	.84

\*\*\*\*P<0.01, \*\*\*P<0.05, \*\*P<0.10,\*P<0.15

The above results confirmed that only for MNC expatriates was adjustment significantly affected by the time they spent in the host country.

It is important to emphasize that testing the explanatory effect of the traditional variables in the model against the suggested institutional research variables, as previously done in section one, will not be applicable for this question due to the tight sample size restriction and the high number of variables this question will involve.

The next table (Table 6.41) summarises the specific research variables which significantly affect adjustment in each of the sampled groups.

**Table 6.41 Summary of the variables influencing adjustment in UN and MNCs**

<b>Variables influencing adjustment</b>	<b>UN</b>	<b>MNC</b>
Time spent in host country		x
Cultural distance		x
Home Institutional distance	x	
Last country Institutional distance	x	
Cognitive factor	x	x
Importance of the “Communication skills”	x	
Importance of the “Nationality and gender”	x	
Importance of the “Network and knowledge”	x	
GDP of Home country	x	x

It can be concluded that UN expatriates’ adjustment was affected by 7 research variables; one WP variable (cognitive factor), three working relationship WR variables (communication skills, nationality and gender, network and knowledge), two institutional distance variables (Home-ID, Last-ID), and an Economic level variable (GDP of the home country). However, MNC expatriates’ adjustment was affected by 3 research variables; one WP variable (cognitive factor), one Cultural distance variable, one Economic level variable (GDP of the home country); in addition to the control variable, time spent in host country.



It is worth noting that UN expatriates' adjustment was explained mainly by a number of newly suggested research variables in the model, while MNC expatriates' adjustment was mainly explained by the traditional research variables in the model with the exception of the cognitive variable.

To sum up, not only were differences detected between UN and MNC groups on a range of several research variables in the model as shown in the summary table (Table 6.24), but also, the extent to which each group's perceived adjustment was explained differently by different factors (Table 6.41) was apparent. These findings support the overarching hypothesis in this study, which expects differences between the multinational and intergovernmental expatriation experiences based not only upon organizational and individual factors as studied in the literature, but also institutional factors as introduced by the current research.

An overall summary is provided in the next table showing the 2 research questions, all the related relationships, hypotheses, and exploratory analyses ran in this study, and their results.

**Table 6.42 overall summary of the research questions, hypotheses, exploratory analyses and their results**

<b>Research Question 1</b>	<b>Relationships addressed</b>	<b>Hypotheses/exploratory analysis tested</b>	<b>Results</b>
<b>What is the relative impact of organizational; cultural; institutional level factors on international employees' perceptions of adjustment?</b>	The Country Institutional Measures' (CIM) relationship with Adjustment	<b>H3a:</b> The more the expatriates perceive the host country's regulatory environment as affecting their working lives, the lower their reported levels of adjustment. <b>H3b:</b> The more the expatriates recognise the Egyptian working practices, which are normatively and cognitively driven, the higher their reported adjustment levels. <b>H3c:</b> The more the expatriates recognize the importance of specific working relationship factors in building good relationships at work, the higher their reported adjustment levels.	Rejected  Accepted  Partially Accepted
	The cultural distance (CD), Institutional distance (ID) and Economic level (EL) relationship with Adjustment	<b>H1e:</b> Cultural distance will be negatively related to expatriate's adjustment. <b>H2:</b> The expatriate's perceived institutional distance, between home country and Egypt, will be negatively related to her/his level of adjustment. <b>H6:</b> The expatriate's perceived institutional distance, between the last country assignment and Egypt, will be negatively related to his/her level of adjustment. <b>H4:</b> The higher the economic level of the expatriate's home country relative to the host country (Egypt) will be negatively related to expatriates' level of adjustment.	Accepted  Rejected  Accepted  Rejected
	The expatriate's previous overseas experience, language ability, pre-departure training, and organization support relationship with Adjustment	<b>H1a:</b> Pre-departure training will be positively related to expatriate's adjustment. <b>H1b:</b> Organization support will be positively related to expatriate's adjustment. <b>H1c:</b> Previous overseas experience will be positively related to expatriate's adjustment. <b>H1d:</b> Fluency in the host country language will be positively related to expatriate's adjustment.	Rejected  Rejected  Rejected  Rejected
	Only the significant variables from the above analyses entered against adjustment	Exploratory analyses.  Factors having a significant effect on adjustment were:	CD; cog., Norm.; Commun- -ication ;Last-ID.

Research Question 2	Relationships addressed	Hypotheses/exploratory analyses tested	Results
How do UN and MNCs expatriates differ in their degree of adjustment and in the factors that explain their adjustment?	UN Vs. MNC's perception of Adjustment	<b>H7:</b> UN expatriates would have a higher level of adjustment compared to their MNC counterparts.	Accepted
	UN Vs MNC's perception of the Country Institutional Measures (CIM)	<b>H8:</b> Relative to the MNC expatriates, the UN expatriates are more likely to perceive their working practices to be shaped largely by their international organization rather than the Egyptian host country practices.	Accepted
	Differences/similarities between UN and MNCs expatriates on their perceptions to other factors in the model	Exploratory analysis, no hypotheses specified	Factors showing significant differences between UN and MNC were: Home-ID; Last ID; Regulatory; Communication skills; Imp. of Nationality and Gender; Time in host country; Pre-departure training; Org. support; Language ability; Home-Economic level, and last- Economic level.  Factors showing similarities between UN and MNCs were: CD; Cognitive; Normative; Importance of Hierarchy position; Importance of network and knowledge; Age; Previous overseas experience.
	Factors explaining adjustment in each of the two sampled groups	Exploratory analysis, no hypotheses specified	Factors explaining adjustment in UN were: Home-ID; Last ID; Cognitive; Importance of the communication skills; Importance of nationality and gender; Importance of network and knowledge; and the Home-GDP.  Factors explaining adjustment in MNC were: CD; Cognitive; Home-GDP; and Time in host country.

From this summary table it can be seen that the two research questions addressed in this study were analysed through a combination of firm hypotheses and exploratory analysis.

The results relating to research question 1 show that institutional and cultural variables were important in explaining adjustment and these were also generally more pronounced in influencing expatriates adjustment when compared to the more traditional organizational and individual factors.

The results for research question 2 show that the factors explaining adjustment were quite distinct between the two groups and that each of the samples also differed in some respects on how they rate some of the independent variables. Specifically, they were different on their degree of adjustment and their perception of the local/global influence on their working practices as well as the host regulatory influence. Nevertheless, they were alike on perceiving other factors such as CD and the cognitive and normative factors; Age and their previous overseas experiences.

These differences between the two sampled groups became apparent when realising that adjustment in each group was also explained by different factors. Generally, while UN adjustment was mainly explained by the institutional factors on the model as Home-ID, Last ID and Cognitive factor; MNC adjustment was explained by the traditional variables in the model as Time in host country and CD.

Interpretations of these results and their research implications will be provided in the next chapter, which presents the discussion.

## Chapter Seven: Research Discussion

### 7.1. Introduction

The objective of this research was to extend the model of expatriate adjustment: *conceptually* by introducing relatively new factors that are hypothesized to explain adjustment mainly from an institutional paradigm; and *empirically* through examining the model in a relatively new organizational and national context. For this purpose, a proposed model of expatriate adjustment was introduced and examined in MNCs and UN organizations in Egypt.

This chapter will discuss the results pertaining to these two objectives which were tested through the two overarching research questions posed in this study. In the first section, the main findings relating to the research's first question or its conceptual objective will be reviewed. In the second section, findings relating to question 2 or the research context and the implications of testing the model in the UN compared to multinational organizations, and in Egypt as a host country, will be presented.

### 7.2. Research Question 1: the factors explaining adjustment

This research has introduced a relatively new class of variables to the literature on expatriate adjustment. Specifically, the research introduced institutional distance as an alternative to culture distance and examined the relative explanatory contribution of an institutional conceptualization of national context, compared to the traditional cultural and organizational factors, in explaining adjustment.

The analysis identified a number of key findings. The most important was the result that confirmed the non significance of the set of traditional variables (with the exception of cultural distance) as opposed to the significance of most of the new variables, especially the institutional factors (cognitive, normative, communication skills, and last-ID variables).

These findings underline the value of the new set of variables to our understanding of the adjustment process and suggest a need to consider these variables further in future conceptualizations. Institutional factors have been previously under-researched in relation to the expatriate adjustment literature, and the evidence here would suggest that this may have limited the utility of academic models using the traditional organizational factors, with factors such as pre-departure training being over-emphasized and a range of institutional influences being conflated with the more generic term *culture*.

However, similar to other studies (e.g. Kostova, 1997; and Ramsey et al., 2011), the effects of the institutional variables were not uniform. For example, the cognitive and the normative variables were significantly related to adjustment, while the regulatory variable was not. Also, the communication factor was the only significant WR factor to affect adjustment, while the rest of the WR factors did not. It is important to discuss each of these results in detail.

First, the lack of a significant regulatory effect on adjustment was at first surprising, given that the literature would suggest a significant effect could be anticipated. In addition, the interviews conducted in the pilot study confirmed that, among the sample of expatriates working in MNCs, the Egyptian labour laws impacted on their working lives with respect to the recruitment/renewal processes in MNCs and particularly in petroleum organizations, in addition to the burdensome administrative regulations accompanying these processes. It was therefore expected that the burden of regulation would impact negatively on expatriate adjustment generally and particularly among the MNC subsample.

However, an explanation for the non-significant result could be that MNCs' expatriates are in fact protected from the impact of regulation by the subsidiary organization and, specifically, the HR function. Follow-up interviews with HR staff in petroleum organizations hinted that, although expatriates and their parent foreign company complain, nevertheless it is normally they (HR staff) who are responsible for running the recruitment/renewal process on behalf of the international company and the expatriates.

This point is important as it reinforces the need to unpack the concept of national context, breaking it down into different elements such as the regulatory, cognitive and normative, particularly as expatriates may be able to navigate regulatory frameworks more easily than normative or cognitive frameworks. It seems that the regulatory frameworks are more visible and therefore only require surface level understanding (can be easily recognized and navigated), while cognitive and normative require deep level understanding (difficult recognition and navigation). This could be because, as Harzing, (2003) noted, that the cognitive and the normative aspects show a close relationship to CD characteristics.

From another perspective, it could be because the regulatory aspects of an expatriate's job could be dealt with on the organizational level and therefore buffer its undesirable effect, compared to the cognitive and normative aspects which require the expatriate himself/herself to deal with them on the personal level.

Equally, company strategies for preparing expatriates or for providing appropriate organizational systems for dealing with the different sources of institutional context will be different.

Second, the results confirmed the importance of cognitive and normative frameworks on adjustment (H3b). The findings suggested that the more expatriates were able to identify with some of the working practices that were shaped by Egyptian norms and ways of thinking, the higher was their adjustment.

It could be that, in line with Brown and Ataalla's (2002) work, expatriates' adaptation to the Egyptian environment can result from just experiencing the culture without necessarily understanding it. The study emphasized the importance expatriates placed on respecting and adapting to this culture after experiencing it, without having to understand the reasons driving this culture or behaviour.

It also confirms the assumption in the literature that working practices can manifest cultural or institutional features, one of the implicit hypotheses in this research. For example, practices such as decision making process and leadership, team working relationships, and promotion and rewards systems, are seen to be mirroring both Egyptian culture (derived from Egyptian history and Arabic culture and social

traditions) and institutional contexts (driven by the economic, educational and Islamic frameworks) in addition to other exterior influences such as the Westernization influence.

*Cognitive* results showed that respondents perceived their Egyptian colleagues to *prefer to work in teams rather than alone, and can easily work with employees from other cultures*. However they did not all agree if Egyptian managers *seek subordinate participation in decision making*.

Preferring to work in teams rather than alone is supported by the view which claims that Egyptian organizations have been recently affected by emerging “Westernized” culture brought in by the government policy of encouraging FDI, or imported with the foreign investors’ policies, or as a result of the widespread Westernized education in certain classes in Egypt. This explanation is in line with the work of Muna (2003), Hatem (2006), Parnell and Hatem (1999) and Leat and El-Kot (2007) which explained how practices in Arabic and Egyptian organizations had recently come to reflect Western practices resulting from the exposure of firms to Western influences.

Although Ali (1996) has argued that most Islamic and Arabic societies treat foreign practices as their own, he referred to some cultural qualities that Arabs were able to preserve generation after generation. Among them was consultation in the decision making process. Nevertheless, as Muna (1980) noted this consultation does not necessarily lead to subordinates participation in decision making. Arab managers do not create a real situation of consultation as much as give the feeling of it. Parnell and Hatem’s (1999), findings also confirmed that American managers perceived their Egyptian peers not seeking decision participation. This was explained by the high PD culture in Egypt, where subordinates are commonly told what to do. Also, Brown and Ataalla (2002) concluded that although the decision process in Egypt is lengthy, the last word is the manager’s word. This study argues that the lengthy decision making process combined with the unreal act of consultation could be behind the non decisive response received on this particular deep level cognitive item. This result corresponds to Ramsey’s recent study (2011) which showed the cognitive variable as the most complex of all institutional factors.



Respondents also significantly agreed that Egyptian managers find it easy to work with those from other cultures. In Parnell and Hatem's (1999) study, from an American executive's perspective, this factor was one of the most desirable Egyptian management factors. This result can be explained by the value Egyptians place on harmony in the workplace. One can also argue that Egypt's appreciation of tourism, and its importance to the Egyptian economy, may have made Egyptians not only value but also get used to easily interacting with foreigners in general, not only those in the workplace. The economic crisis this sector is currently passing through following the January 2011 revolution and the dramatic financial losses encountered, along with the endless efforts played by the government and citizens to attract tourism, clearly justify this valuing of foreigners in Egypt.

Regarding the *normative* factor, respondents *perceived that working relationships and promotion policies in Egypt are affected by seniority and length of service, respectively*. The political distance characterized in the Egyptian work and social community and the traditional administrative system of seniority embedded in different sectors in Egypt, as well as the tribal cultural trait and Islamic teachings of respecting and empowering old people, all seem to contribute to explaining this finding.

Moreover, the results also showed that expatriates perceived that *working practices in Egypt are determined by informal rules; where social and personal relationships are important to carry out the work, and that religious and family matters have an integral role of influencing Egyptian employees working lives*. They also agreed that *Egyptian employees tend not to separate work criticism from personal criticism*.

Again, these self-explanatory findings support and to a great extent manifest the Egyptian cultural and institutional features discussed in this research. These features demonstrate the important use of personal ties (family and friends) as means of doing business in Egypt; Egyptians preference for informalities within organizations, which can take over formal structures and rules; and the interrelationship between personal relationships and work practices in terms of performance management and appraisals. These findings are consistent with research done on Egypt (e.g.: Brown and Ataalla, 2002) and on other Arabic countries in general (Muna, 1980).

A third key finding was that, out of the four *working relationship* factors, only the factor *communication skill* was perceived to be significant to adjustment. This result is not surprising if we consider the importance of the above normative factors that clearly indicate the collectivist nature of Egyptian society and the critical importance of personal relationships in the Egyptian community. For example, it is expected that in a normal working day, to approach meetings and/or business deals, or to handle conflicts, respondents may need to follow Egyptians' normative/legitimate ways of communication. These ways have to be in the form of talking rather than writing, personal visits and face to face meetings rather than memos or letters, personal/general chatting before business dealings, and harmony and humour for saving face rather than confrontation.

It is assumed that having understood the normative nature of Egyptians, expatriates were able to recognize the importance of their communication skills to build good relationships at work. This may partly explain why expatriates perceived their communication skills to be important, while their position in the organization, knowledge and expertise, and their nationality and gender were seen as less important with respect to influencing adjustment.

A fourth key finding in this research was the relative impact of the *cultural distance* versus the *institutional distance* variables, and the impact of an economic measure of distance.

The findings confirmed the significant explanatory power of both the Last-ID and CD on adjustment. However, the results also showed that Home-ID and Economic level had no significant impact. These results reflect an important contribution from this study:

- First, they show the importance of measuring distance between two countries in terms of institutional differences rather than merely cultural differences, again confirming the importance of this paradigm in understanding expatriate adjustment. This finding represents an initial empirical attempt to operationalize institutional distance and test its impact on adjustment—a relationship that has been proposed in theoretical studies (e.g. Ramsey, 2005).

- Second, it shows the importance of measuring this distance with respect to the last country assignment as a predictor of adjustment. This research has argued the important effect of experiences gained from the last country posts that hold fresher memories—and thus immediate or recent effects on the expatriate's current adjustment—relative to the older memories from the expatriate's home country experiences.
- Third, although this finding supports the study's argument for the importance of institutional distance, it questions the accuracy of the argument—based on Ramsey's, (2005) work—that suggests ID as an alternative to CD. Because CD and ID have both been found to significantly explain adjustment, with an almost equal contribution, it seems more accurate to consider ID as an *additional* predictor to adjustment, rather than as a *substitute* to CD.

It could be argued that an expatriate will try to adjust to the cultural and the institutional features in a host environment, however, because institutional features relate to the rules of a society enacted through structures; therefore they could be more visible than the culture aspects which relate to deep-seated values that are often difficult for an individual to articulate. For example, an expatriate can notice or get information on specific legal issues in a certain country or workplace context much easier than noticing the importance of saving face as a cultural aspect in the society. Also, a masculine cultural dimension as gender inequality is easy to be recognised by expatriates through the gendered occupation segregations and/or inequalities of pay systems being experienced in their organizations.

Moreover, as argued in Chapter three, the key to expatriate adaptation is in the degree of legitimacy of his/her action and behaviour to the institutional framework he/she is in. Also, cognitive dissonance and person-environment (P-E) fit theories argue that a person can adapt his/her behaviour to the demands placed on him/her by institutions even if they contradict his/her individual values, providing that he/she can find a legitimacy for his/her actions, e.g. an expatriate working in Egypt will respect the rules around the importance of status because this is important to those he/she works with and to ignore them

could be offensive. In contrast, cultural features, because they are more non-visible aspects of a society, would demand more time to be identified and yet more effort to be understood. Therefore, it is expected that the expatriate, as an outsider, could have excuses for not adapting to the host cultural contexts, but less excuses for not following an institutional one.

Although this indicates the different role each of the ID and CD have in explaining adjustment, nevertheless, the researcher still argues that the literature critique on some of the CD assumptions, discussed in Chapter three, still hold, and therefore a more accurate measure of culture distance is needed.

- Fourth, the results showed a non-significant effect for Home-ID and the economic level on adjustment. Explaining this result and the probable reasons behind it is important.

*Regarding the results on the Home-ID factor*, the result may be an outcome of a measurement problem in that the perception of the CD and/or the Last-ID variables may have been easier for expatriates to recall than the perception of the Home-ID. Based on the deinstitutionalization argument, because institutional environments are relatively matching or accommodating to changes in the environment happening at a particular point of time (Dean et al., 2004), it could be argued that institutional environments that were present when the expatriate was in his/her home country at a relative historic point in time may have changed or become obsolete, thereby decreasing any effect from the home-ID on expatriates' adjustment at the present point.

This possibility again adds up to the difference between cultural and institutional characteristics and their impact on adjustment. They also highlight the difficulty in assuming that adjustment is primarily affected by institutional effects emanating from the expatriate's home country only. The evidence here and the arguments presented suggest that the last country visited by the expatriate may be more influential, particularly for expatriates who have not lived in the home country for many years, as is often the case for those working in organizations such as the UN.

*With respect to the results for the economic level variable*, the interviews undertaken at an early stage of this study clarified a number of factors that can mediate its effect on

adjustment. These factors are expected to motivate expatriates to accept posts regardless of the economic standard of the host country. These factors may include: high financial packages, attractive allowances, posts with promotion opportunities or—as argued by Harrison et al. (2004)—posts with work challenges that uplift expatriates’ experiences of their jobs.

Apart from the explanatory role of the new research factors, there were other predictors in the model that were identified as some of the most common variables in the expatriate adjustment literature. These predictors were *pre-departure training*, *organization support*, *language ability* and *previous overseas experience*. None of these variables (except the length of previous overseas experience) significantly affected adjustment.

This finding is particularly surprising given the number of studies which have indicated an impact from the traditional variables on adjustment (e.g. Shaffer et al., 1999; Black and Gregersen 1991; Yavas and Bodur, 1999). However, this finding might not be so surprising if other, more recent, work is taken into account, showing the equivocal nature of the impact of these variables on adjustment (e.g. Takeuchi et al. (2002)—no relationship of adjustment with CD factor; Bhaskar-Shrinivas et al. (2005)—little and impractical effect from previous overseas experience and host country language ability).

The data from the pilot interviews also shed light on the non-significant survey results. The responses highlighted some practical reasons why these factors (specifically pre-departure training and organization support) may not affect adjustment. For example, expatriates expressed that most of their organizations do not provide adequate pre-departure training, and that they mainly rely on other sources such as old colleagues who went on the same posting before or local nationals or even on their own prior experiences. Notably, the descriptive survey results confirmed this response. It was found that a relatively high percentage (49 per cent) reported that their organization does not provide training programmes, and that 27 per cent relied on self-initiated training in their current post. These figures support most of the research (such as: Shen and Darby, 2006; Littrell et al., 2006; Selmer, 2010) which sees international training as a neglected or poorly handled subject.

Alternatively, prior overseas experience of expatriates may have affected the role of pre-departure training and organization support on adjustment. Some researchers' findings (e.g. Shaffer et al., 1999; Takeuchi et al., 2005) have confirmed that prior overseas experience can have a powerful moderating and indirect influence on predictor variables in the adjustment model. Although the interaction effect between this factor and the above predictors was not investigated in this study due to restrictions in sample size, we cannot rule this out as a possible explanation.

Another possible explanation could be due to the time the expatriates stayed in Egypt. As Bhaskar-Shrinivas et al. (2005) argued, expatriates' past experiences might be leveraged if they stay on assignments longer. The results showed that the "time of stay" factor (which was used as a control variable) had a significant positive effect on adjustment.

One can also argue that the role of host country nationals as socializing agents, as described by Wang and Kanungo (2004); and Toh and Denisi (2005; 2007), could be one of the mitigating factors on adjustment. This role was referred to as one of the possible sources of support in Arabic nations (e.g. in Morocco—El-Mansour and Wood, 2010). Consistently, there is a relatively high possibility that expatriates in this study could have received support from their national colleagues that helped them to adjust in the workplace.

Furthermore, as a witness/national of the Egyptian culture, the researcher believes that Olsen and Martins' (2009) view of the "prestigious image" given to some expatriates because of their national origin is strongly evidenced in the Egyptian culture. It is believed that, in general, the majority of Western foreigners in Egypt enjoy this special prestigious image. Additionally, the expatriates' status as "experts" may also inflate this image. Studies such as Muna (1980) have found that Arabic managers find expatriates' expertise and know-how to be the most admired criteria of their expatriates. Stahl and Caligiuri, (2005) findings also confirmed that the expatriates' status and power influence host nationals attitude and behaviour towards the expatriates. National subordinates respect and are more willing to help their senior expatriate leader than expatriates at lower positions.

Because most of the present study's participants are of special expertise, either as oil experts in the petroleum companies, or hold special status as diplomats in UN organizations, this could therefore have provided them with a high prestigious image, resulting in more local support and thus higher adjustment. This positive discrimination was perceived by self-initiated expatriates in Forstenlechner's (2010) study in UAE.

Language ability was also one of the traditional variables studied. Although the hypothesized positive link to adjustment was not confirmed, there are two possible explanations for this. First, most of the Egyptian employees working in international organizations are more likely to be from medium to high level classes, with a relatively high level of education, are therefore expected to speak second languages such as English and French to a relatively good standard and there may therefore be less of a demand on the expatriate to have good local language abilities. This explanation is consistent with EL-Mansour and Wood (2010) study in Morocco, which presented a similar justification, and also with Bhaskar-Shrinivas et al. (2004, 2005) findings that in less developed countries foreign language ability may not very critical to adjustment. Second, it has to be acknowledged that this measure had a relatively large number of missing responses, and therefore this could be one of the primary factors that affected the result.

Most of the above justifications mainly rely on the possible effect of various factors that could have mitigated the effect of the traditional variables on adjustment. Because these mitigating factors were not uncovered in this study, all their related explanations are just suggestive and not conclusive, and need further investigation.

In sum, this section has demonstrated and discussed the results of testing the model conceptually for the whole population. The next section will question the extent to which these results and their associated explanations differed according to the organizational and national contexts.

### **7.3. Research Question 2: the differences between UN and MNC organisations**

Although this research expected differences between the UN and MNC groups on different factors in the model, the research was mainly interested to test their differences on two specific factors: namely the adjustment factor, and the global/local factor. These differences were investigated via testing two exploratory hypotheses (H7 and H8).

The findings supported both hypotheses. It was found that adjustment for UN expatriates was higher than that for the expatriates working in the MNCs (H7); and UN expatriates perceived their working practices to generally reflect UN organizational practices, compared to MNCs who perceived their working practices to largely reflect either 50/50 combination of the local country and the global organization, or the local country practices (H8).

It was argued that the UN expatriates' high level of adjustment could be the result of or associated with expatriates' perception of their globally-standardized working practices (global/local factor), and/or with their perception of a less host-country-specific regulatory influence (regulatory factor) than MNC expatriates. This argument was built upon the UN "bubble effect" assumption. The bubble effect was thought to lead to high adjustment levels for UN expatriates through buffering them from host country regulatory influences and keeping standardized working practices that are largely organizationally influenced.

The likelihood of the bubble effect was evidenced by the results of hypothesis H8, which showed, using univariate statistics, that UN expatriates were more likely than MNC expatriates to see their working practices as largely globally-standardized. Also the results on the regulatory factor showed that the UN expatriates perceived the host country regulatory impact to be less compared to MNC expatriates. This could be explained by the fact that unlike MNCs, the UN as an IGO works outside any national legislations and thus does not need to conform to host country regulations nor reflect host country practices and thus this makes its policies more neutral and global than the MNC's policies (Brewster and Lee, 2006).



However, when both regulatory factor and global/local factor were included in the same multivariate equation alongside other variables to test their explanatory power on adjustment, the bubble hypothesis was not supported. In other words, neither the global factor nor the regulatory factor was associated with the UN expatriates' adjustment. So it is argued that, although the UN expatriates had more protection from host country influences than their MNC counterparts, this protection was, however, not the reason for the higher UN adjustment level. Therefore, it seems that the bubble effect was only partially supported, perhaps indicating that its assumption may be more complicated than originally anticipated.

Adjustment of UN expatriates was explained by other factors on the model. "Communication" variable was a key factor in explaining UN adjustment. UN participants perceived their communication skills to be a "very important" factor in building good relationships at work. This perception was significantly higher than those of the MNC expatriates who perceived it to be just "important". The results also confirmed the positive relationship between this factor and adjustment for UN respondents. Therefore, it could be said that, due to UN expatriates' stronger realization of the importance of communicating at work with their Egyptian counterparts, their adjustment was higher than that of the MNC expatriates.

This result supports our earlier argument, which saw the importance of identifying with the key characteristics of the host country's workplace norms and the effect this might have on adjustment.

Again the nature of the UN organization as an IGO which has a public character and normally deals with governmental officials and political representatives in the host countries on a wider range than the MNCs (Brewster and Lee, 2006), can explain the importance of the communication skills factor to the UN participants and its role in their work and thereby their adjustments.

Although communication was among six other factors explaining UN adjustment, however, by examining the results on the other factors, a surprising number of controversies and unexpected inconsistencies in these results were found. For example, while Home-ID and Last-ID factors were both significantly explaining adjustment for

the UN sample, and were both negatively related to it, the results came as expected for the Home-ID (lower Home-ID distance perceived by the UN expatriates would make their adjustment level higher than that of the MNCs expatriates), but not as expected for the Last-ID variable (the unexpectedly higher Last-ID perceived by the UN expatriates means that their adjustment would be lower than that of the MNCs expatriates).

The delink for the factors originally assumed to explain UN high adjustment (i.e. regulatory and global/local factors), and at the same time the non uniform results on most of the factors found to explain this adjustment (save communication factor and Home-ID), may have resulted from the very small sample size of the UN group, which may have affected its results and made it inconsistent with what was expected. This emphasizes the fact that the UN results have to be treated with caution.

Nevertheless, there are other reasons which could explain the UN sample's high adjustment. One could be the method by which the UN handles its expatriation process. As noted in Chapter two, the 2003 UN report proposed a framework for enhancing staff mobility which would develop new supportive programmes to enhance and encourage mobility and minimize its constraints. There might be a possibility that in 2007 (when the study was conducted) this programme had started to reap its success. This could have contributed to the higher adjustment level for the UN sample.

Another potential reason could be the possible effect of the volunteering method by which UN expatriates obtain their expatriation posts. Because in the UN mobility is normally an individual more than an organization decision, we would expect UN employees to obtain their posts more freely relative to their MNC counterparts, who normally get their posts as a part of their organization's decision. Also some of the UN employees are motivated for expatriation for example to "make difference" or "help others" (Brewster and Lee, 2006). This free choice and ethical motives may also have acted as a catalyst in raising adjustment for UN employees. The interviews conducted in the early stage of this study have flagged the possibility of this explanation.

The follow-up interviews also showed the importance to consider the diversity of the nationalities in the UN workforce, which could have also facilitated the adjustment of the UN expatriates. Therefore, it could be argued that because diversity of nationalities

specifically characterizes the UN environment, therefore, compared to the MNCs, UN expatriates found it easier to adjust.

In addition, generally the UN employees compared to MNCs, are highly educated, professional, highly internationally minded and with wide international experiences (Brewster and Lee, 2006). These characteristics could also explain the UN expatriates higher adjustment level.

The discussion above has focused on explaining why the UN sample has such a high level of adjustment relative to the MNC sample. However, it is also interesting to consider the factors explaining expatriate adjustment in the MNC sample on its own. The reason for this is that the MNC sample, being large compared to that of the UN, may yield more robust findings. Also, by looking at the MNC sample in isolation, any effects which are UN-specific can be ruled out. We can therefore explore whether the reasons for adjustment are common across the two groups and, if not, in what ways they may differ.

The results on MNC adjustment showed that the degree of cultural dissimilarity between the host and home country had a significant impact on expatriate adjustment, while no impact was found on the UN adjustment. Thus, the results suggest that high cultural distance is a key explanation of low adjustment among the MNC sample.

Similarly, results of the GDP-home factor also showed that MNC expatriate adjustment was negatively affected by the distance between the economic level of the MNC expatriate's home country and Egypt's economic level. The GDP for the home country of MNC expatriates was significantly higher than that for expatriates in the UN, indicating that the MNC expatriates came originally from higher economic level countries as compared to UN sample. Thus, this higher economic distance could have led to lower adjustment for the MNC group.

Although the "time of stay in the host country" was controlled for in this study, it is worth flagging that this variable was significantly related to the adjustment of the MNC expatriates, and not at all significant to the UN sample. Results showed that MNC expatriates had spent, relatively, much less time in Egypt than UN expatriates. This result could hypothetically imply that, because time is an important factor for MNC

expatriates' adjustment, therefore due to the less time MNC expatriates spent in Egypt, they were less adjusted.

Interestingly, as shown by analysing the differences detected between the two groups on some of the factors studied; and also in the light of the results on adjustment in each sample, lots of the possible expectations for MNC expatriates' low adjustment were supported.

Regardless of the differences on adjustment, and to fully understand the adjustment experience in the sampled organizations, it is necessary to explore the nature of the factors (i.e. culturally, organizationally, or institutionally based factors) explaining adjustment in each sample.

For the UN sample, the results showed that the institutional CIM factors (namely: Home-ID, Last-ID, cognitive factor, communication skills, nationality and gender, network and knowledge), and an economic level variable (GDP of the home country) were critical. In the case of MNC expatriates' adjustment, the key explanatory factors were one institutional variable (cognitive factor), in addition to cultural distance, last country assignment, GDP of the home country, and time spent in host country.

Again because these results were based on a limited sample size and in a single host country, further investigations are needed in order to generalize. Nevertheless, using the interview and survey data in combination allows us to build some tentative explanations and propositions for future research. For example, the results indicate that *in general* the UN expatriates' adjustment was relatively more affected by "institutional" factors, while MNC expatriates' adjustment was relatively more affected by the "cultural" measures. This is a general but interesting observation that needs to be acknowledged and discussed.

The researcher is able to explore two tentative explanations for this observation. First, a potential explanation could be linked to the time each has spent in the country and which could have affected each group's perception of the country's features.

Based on Van Vianen et al.'s (2004) and Harrison et al.'s (1998) argument of the presence of deep-level cultural aspects and surface-level cultural aspects, it could

possibly be argued that, because MNC expatriates stayed for shorter periods in Egypt than UN expatriates, they perceived only the surface-level aspects of the culture rather than the deep-level aspects, which could be difficult and need more time to be recognized.

A second explanation could lie in the overall set-up of the sampled organizations and/or the nature of each expatriates' job. It can be argued that the nature of the UN's job can make its employees more interested in becoming familiar with the institutional features of the host country rather than its cultural features. For example, it is expected that expatriates working on a WHO programme or UNDP programme in a developing country like Egypt would be more concerned with institutional issues such as education/health systems/poverty levels and in the ways these issues are handled in the host country, as an integral part of their work. These work interests could thereby affect their work adjustment. In contrast, MNC expatriates, whose job practices are more linked with parent company's and/or subsidiary's "organization-specific" policies, are more likely to be affected by them.

These differences between UN and MNC expatriates' job interests can in turn explain the reason why—despite both samples' perceived differences on the ID variables (the Last-ID and Home-ID)—only UN expatriates' adjustment was influenced by this distance; while MNC expatriates' adjustment was not. On the other hand, despite their equal perception on the CD factor, only MNC expatriates' adjustment was affected by it, while UN adjustment was not.

These differences were discussed by Brewster and Lee, (2006) arguing that although MNCs and IGOs/NGOs have some similarities they also have differences. IGOs (such as UNs) unlike the MNCs have a public character and are politically managed, funded by governments and thus most of its HRM practices and management could be different from MNCs.

In future research, it would be meaningful to test the above observation, and its associated explanations, in more depth.

#### **7.4. Contingency Model of Expatriate Adjustment**

From the discussion above, the importance of the organization context on this research was clearly obvious. The national context also had many important implications on this research. The role of the host country context was clear when we were explaining most of the results in this study, specifically those related to the institutional and cultural factors.

Not only the results, but also the conceptual and operational definitions under which the research factors (concepts) were originally developed, were shaped by the host country's context. For example, in this study, the institutional concept was primarily a context-based concept; it was defined and measured to reflect the Egyptian specific context. This note indicates that in international studies, it is important to define, measure, and explain the *concept* as relevant to its *context* rather as an absolute term.

In order to fully explain expatriate adjustment and its process in different regions in the world, research has to tailor its predictors to reflect the real context they are to explain. Explaining adjustment in the light of the cultural and institutional features of the research context would also help practitioners to develop more appropriate approaches to train and support their expatriates. This would also help in saving on expenses for training or support that may not be needed in the first place.

Accordingly, tailoring the adjustment predictors to reflect organization and/or host national contexts would implicitly propose explaining expatriate adjustment from a contingency perspective based on contingency theory.

Contingency theories are a class of behavioural theory that contend that there is no one best way of organizing/leading and that an organizational/leadership style that is effective in some situations may not be successful in others (Fiedler, 1964). In other words, the optimal organization/leadership style is contingent upon constraints.

Applying this thinking to the methods by which companies should handle expatriate adjustment could be valuable. This research argues that there is not a best way or best predictors which explain expatriate adjustment. Hence, it is argued that in order to explain and understand expatriate adjustment in a specific context, adjustment has to be

based on a number of contingencies born out of this context, rather than a number of inputs which are common or dominant in the literature.

From the data, theory and explanations discussed in this study, a contingency theory of expatriate adjustment could be developed based on a number of factors. These factors can be grouped under three main strands, namely: *national context*, *organizational context* and *job context*.

1) *National context contingencies:*

- Host country's institutional and cultural features: perceived distances between the host context and the expatriates' experiences are likely to affect adjustment.
- Economic conditions that could affect the economic distances perceived by expatriates between assignments (e.g. HM-GDP in this study).
- Image of expatriates in the host country (*superiority, normal, bad /low image*) that can facilitate or hinder adjustment.

2) *Organizational context contingencies:*

- Organizational buffering against undesirable host country institutional effects (e.g. the UN bubble; e.g. UN outside national legislation; while MNC is under host country legislations) that can facilitate adjustment.
- National diversity (scope and number of expatriates in the host organization) which may facilitate adjustment, as in the UN sample.
- Condition of selection for expatriation (*volunteer/ expatriate's choice* (in UN sample) versus *compulsory/organisational decision* (in MNC sample)).
- Culture of mobility/expatriation within the organization (could be *strong* in most MNCs; *weak* in UN).
- Degree of internationalization of the workplace practices and rules (*global/local* influence).

-Host workplace conditions could define the abilities required from expatriates (e.g. language abilities, communication skills) and thus their pre-departure training programs. For example, expatriates in international organizations in Egypt do not need to speak Arabic to facilitate adjustment because of the popularity of the English language there. However, they have to be trained for using the appropriate communication skills.

### 3) Job context contingencies:

-Work role in relation to the host country’s institutional/cultural context (e.g. nature of the job in UN is assumed to be influenced more by institutional features rather than cultural ones).

-Work role in relation to the reason for expatriation. Different reasons for expatriations (career advancement, nature of job, educative, part of job description; ethical or moral motive etc.) may affect adjustment differently.

Notably, the model can also include other contingencies from the literature, such as: the individual expatriate’s characteristics, overseas expatriate experiences, and time of stay in the host country.



**Figure 3: Contingency model: Factors influencing expatriate adjustment**

■ Quantitative results    ■ Qualitative results    ■ suggested in the literature



This contingency model helps summarize the key findings reached after testing the research model. It also puts forward a model for future testing and one which is born from an examination of the empirical work, and the wider expatriate adjustment literature.

The coded colours used in this model shows the source of each finding whether from the survey/quantitative data (red code) or interviews/qualitative data (blue code); or other factors suggested in the literature (green code) but beyond the scope of this project.

Although the model mixed tested findings with other plausible but valuable data driven from qualitative method, both types of data have enhanced our understanding of the adjustment process. The qualitative data was helpful in explaining many of the survey findings especially those related to the organization context. For example, as discussed, the UN expatriation culture, motive for the post and the diversity of nationality, were helpful in explaining the real value of other factors (e.g. host economic conditions; host country language) which although predominant in the literature but were with low significance in this study.

This model flags the importance of understanding adjustment from a contingency perspective and supports the literature which noted its importance. For example, Stahl and Caligiuri, 2005, noted the importance of a number of contingencies, including the CD of the host country, the position of the expatriates, and the impact these had on the type of coping strategies the expatriates adopt to adjust.

The model also addresses Hippler's (2000) note of the importance to build a model of adjustment that is based on what the subjects under investigation or expatriates themselves report rather than arriving to typical models (as Black, 1988; and Parker and McEvoy, 1993) by literary deductions.

This model also draws our attention for the need for using more comprehensive models rather than popular traditional models such as Black's et al model. This proposal corresponds with Haslberger and Brewster, (2009) and with Brewster et al., (2011) that call for a wider model of adjustment covering dimensions, domains and dynamism

which fits reality better; also with Thomas and Lazarova, (2006) argument of moving away from a “lawlike” generalization in the expatriate paradigm.

The next chapter discusses the academic and practical values of these key findings in more details and their extension in future research.

## **Chapter Eight: Conclusion and Future Research**

This study has shown how important it is that future research should continue to incorporate theories and empirical findings from different areas of research, and in different contexts, to facilitate our understanding of the expatriate adjustment process.

This final chapter concludes this study by presenting the research's academic and practical implications, limitations, and the directions for future research.

### **8.1. Academic contribution**

This research has a number of important academic implications. One key output of this research is the contingency model described above (see Figure 3). This model captures the results of the empirical analyses from this study and, in doing so, represents a number of the key academic contributions coming from this analysis. These are discussed in detail below.

The first and core theoretical contribution is in extending the expatriate adjustment model by exploring a new class of variables that attempt to explain it from a relatively uncovered paradigm in the expatriate literature, which is the institutional paradigm.

The relative explanatory power of this paradigm, in comparison to the other organizational and cultural variables, is in introducing the institutional perspective as a complementary theory in understanding expatriate adjustment.

- 1) It was empirically shown that both the ID and CD variables are important to explain adjustment. Opposite to what was initially argued, institutional distance is not a substitute to culture distance, but rather a separate/additional dimension for explaining expatriate adjustment. Yet a typical question here is likely to be what does the institutional analysis add that is not covered by a cultural analysis.

It can be argued that, while the cultural perspective provides insights and taps into the values and beliefs of individuals; the institutional perspective focuses on the societal level structures that influence and shape individual level beliefs.

The cultural perspective attempts to aggregate from the individual level to the societal level, whereas the institutional perspective begins at the societal level. The problem of the former is that aggregating from the individual to the societal level fails to account for individual differences and therefore societal accounts become too generic or broad brush leading to stereotyping.

Linked to this argument is McSweeney's (2002) criticism of Hofstede's assumption of cultural uniformity and his warnings that this assumption might divert attention from 'the richness and diversity of national practices and institutions' (2002: 112) and lead to the ecological fallacy of predicting an individual's values from his or her national culture.

Therefore, it might be easier to tap into the institutional structures of a society which represents examples of structures in the society that have been experienced, rather than the cultural ones which form the individual values which can be invisible and/or broad.

The view here also corresponds favourably to Kostova's (1997) work on the difference between the institutional and cultural perspectives. She sees that the institutional measure should provide a more precise measure of national environments compared to the culture measure. Her reasoning was that culture as a construct has some limitations when used to conceptualise national environments, as reducing national environments to culture is an over-simplification; the focus on values derived from individuals fails to capture structures such as the economic or political systems. She considered the former East and West Germany as an example, where despite the same cultural background, the behaviour of people and organizations significantly differed.

In this study, parallels can be drawn between the Egyptian and the Saudi Arabian culture on the one hand and their respective institutional systems. Both countries arguably have very similar cultures yet very distant and distinct institutional systems. Feldman and Thomas, 1992 (cited in Stahl and Caligiuri, 2005) study showed that expatriates in Saudi Arabia due to cultural restrictions faced, isolated themselves rather than integrated themselves into the local culture. This coping strategy- from the researcher's research experience- is not adopted by expatriates in Egypt where experienced cultural restrictions are far less than the Saudi's.

Therefore, Kostova's argues that the country's institutional characteristics reflect the country's environment in a relatively encompassing way, as they capture various aspects of the national environment including culture norms, social knowledge, rules and regulations; and thus the institutional measure is potentially more precise if used to identify the various institutional dimensions.

- 2) Moreover, in this study, assessing the differences between the cultural distance and institutional distance measures showed that they are each explained in terms of the differences between their underlying theoretical rationales. While CD theory mainly relies on Black's assumption of uncertainty in perceiving differences between the cultural aspects of a host country and the expatriate's home country, the ID theory relies on Scott's work on the legitimacy or consonance the expatriate may perceive with relevant host country rules, norms and cognitive-cultural framework.
- 3) Also, the differences in the perception between CD and ID were flagged through comparing the differences between UN and MNC expatriates' experiences and how the nature of each organization, and the expatriate jobs involved in each, may affect each group's perception of distance, and in turn, their adjustment.

Notably, the study also tried to assess the method by which each of these two factors was measured. Although the argument of replacing the CD by the ID

factor was not supported, nevertheless it highlighted the importance of revising Black's CD measure, for example to include other cultural items. The role of the deep-level cultural understanding was an interesting finding in this research that is not captured in many of the expatriate adjustment studies and/or models.

From the above discussion, we can argue that the cultural and institutional concepts are distinct and as such they are explained by different factors and provide different insights into how aspects of a national environment may impact on an individual. Through exploration of the institutional context it becomes clearer what tangible structures within a country may be influenced by and have influence upon individual values. This precision in understanding the national context can aid the expatriates appreciation of the cultural values held by individuals.

Second, in this work, the expatriate adjustment literature was extended by applying Kostova's CIP conceptualization. The country's institutional profile is measured through a relatively new lens, the expatriate's lens. Additionally, it has given evidence on the possibility of institutional theory's application in understanding expatriate adjustment and how individuals might identify institutional influences and their effects on adjustment.

The work has also supported the multidimensionality of the institutional construct to form three pillars; regulatory, normative and cognitive, and directed attention to the differences in the degree of influence of these pillars in a certain country and thereby their roles in expatriates' adjustment. Data showed expatriates were able to navigate regulatory frameworks more easily than normative or cognitive frameworks, showing the lower role of the regulatory factor in explaining adjustment.

Third, beside the institutional factors, there were other key concepts which were introduced in this thesis and which are worth exploring in the future, such as economic measures of distance, and time. The importance of the economic measure lies in being the only objective predictor in this model. This measure—although its result was not significant in this research—introduced the idea of using more objective measures as

predictors to adjustment where normally most of the expatriate's studies use subjective predictors.

Fourth, other key relations that have been previously overlooked in the literature were, for the first time, introduced in this research; namely, the last country assignment experience. The data showed that this factor added value in defining distances, and its relationship with adjustment—particularly the Last-ID variable—was crucial in this research.

Fifth, by introducing these new sets of predictors and by suggesting relatively new relationships and contingencies, the traditional variables seem to have less salience on adjustment. This observation has to be reassessed in future research. Also, the reasons for their salience (if any) in other future work has to be compared and assessed in order to reach a conclusive idea behind the role of these factors.

From another perspective, studying this research in Egypt has many contributions. First, this research extends the application of the expatriate adjustment model to a new host country context. This extension will help in enriching this model by comparing the current results against other different contexts in the literature, and by evaluating the explanatory power of the literature predictors in the Egyptian context. It will also direct attention to looking at more contexts in different regions around the world.

Second, it fills a number of research gaps not only in developing countries but also in Arabic countries or the Middle East area. Budhwar and Mellahi (2007) clearly indicated the need for more research on the Middle East region, flagging that the existing HRM research in this context is very limited, which made drawing a conclusive and comprehensive picture of its situation difficult.

Parnell and Hatem (1996) highlighted the scarcity of studies on Egypt and precisely on the Egyptian management culture. The present study addresses this gap by contributing to a foundation according to which management practices in the Egyptian working environment were assessed by expatriates working in it, and also contributes to the literature base on global HRM in Egypt.

Third, the study provided support to the literature arguing that management behaviour is deeply embedded in culture and institutional features. Moreover, it suggested that management behaviours seen positively in one culture are not always viewed as such in another, and vice-versa. The extent to which expatriates were able to “read” the Egyptian culture and its institutional environment and evaluate it, gives credibility to this suggestion.

Fourth, the research has given some evidence that Hofstede’s (1980) original work on Arabic countries (and specifically Egypt) does not perfectly match the real cultural life, indicating a possible flaw in his work. This flaw could be due to the time span between his study and this research which could have permitted changes, such as Western influences. This limitation was also highlighted by Leat and El-Kot’s work (2007). The inconsistency with Hofstede’s (1980) work highlights the need for new research on HRM values and practices in Egypt.

Additionally, applying this research in Egypt has shown the important role of the research context on the research methods and design used. This study showed that the Egyptian research environment had an important influence on research design, sampling techniques and measurements used. Difficulties in sampling and its impact on the generalizability of the results is one of the main implications. However, it also contributes to the importance of selecting the appropriate research methods that are relevant to the research context, for example, the pilot study and interviews conducted were relevant and also important in explaining many of the statistical results revealed. This dissertation also flagged up the differences in managing research in Eastern or developing research climates, as compared to Western research environments. Western researchers have to accommodate for these differences if they are to research in this region.

Moreover, this research also provided support to studies that call for the adjustment and modifications of different managerial concepts and leadership styles to different cultures. For example, Shahin and Wright, (2004) study on the Egyptian context, argues that it is necessary to be extremely cautious when attempting to apply popular American leadership concepts from Western theories in non-Western countries.



Equally, studying this thesis in such a relatively under-research organizational context as that of the UN also has important implications. It has managed not only to uncover practices and expatriates' experiences in this specific context, but also to accommodate the long-lasting criticism of the expatriate literature as being MNC-centric.

Exploring the UN workplace context contributed to the expatriate literature by showing how the set-up of the UN system can create a greater degree of protection for the expatriates and buffer them against some of the external influences, thereby introducing the "bubble effect" concept as a new predictor of adjustment.

## **8.2. Practical implications**

This study has practical implications as well. Florkowski and Fogel (1999) have argued that the one element that unites all of the adjustment literature is the assumption that adjustment problems are the responsibility of the expatriate or the HRM headquarters staff. This implies that resources, effort and time devoted to developing appropriate training programmes, in deciding on the most relevant sources of support for expatriates, and/or in selecting the best candidate for the expatriation mission, have to pay off. The current research suggests that this will not be attained without the HR staff giving close examination to the post's contextual, cultural and institutional features.

Based on the contingency idea and supported by the results in this study, it was shown that the strategies firms may need to apply for preparing expatriates for dealing with the different sources of institutional context could be different. In Egypt, expatriates were able to rely on HR managers in their subsidiaries to navigate around the regulatory influences, but they could not avoid the cognitive or normative effects of institutional pressures in the same way. Human resource managers in the parent company have to understand these host country features and the extent to which they are reflected in the working practices and norms in the subsidiary organization, and thereby utilize all the resources in their system to educate their expatriates and familiarize them with these practices.

Equally, HR managers in the subsidiary company might also use what their visiting expatriates perceived or identified as the most favourable/unfavourable working features and norms which affected their adjustment. They can then educate their national employees on these norms, build on those which are desirable and avoid the undesirable, in order to create harmony and good working relationships and attract new investment.

The international companies might also need to consider the last country assignment their expatriates were working in, and include its distance with that of the host country as one of the criteria qualifying an appropriate candidate for certain expatriation assignments.

From an expatriate perspective, the idea of exploring ID at the individual level (expatriate level), beside the organizational level as done in most of the ID studies in the institutional literature (e.g. on entry decisions and modes of entry) raises new issues. For example, access of individuals to relevant information on their potential post could help him/her make a judgement of accepting or rejecting it, or may lead to adopting new or relevant coping strategies.

Based on the differences detected between the UN and MNC groups and the strategies of handling expatriation experiences in each, it could be suggested that HR managers in each of these organizations could learn from others' experiences. For example, the bubble effect from the UN literature might provide MNCs with some ideas on how to improve adjustment through creating a greater degree of protection for their expatriates against some of the external host country influences that might be detrimental.

Also, the MNC data would question the value of medium-term assignments (i.e. 2-3 years). Results on MNCs suggest that perhaps long-term secondments work better due to the need to develop deep-level understanding of the culture, especially as data showed the significant positive relationship of time with adjustment.

### **8.3. Study limitations and future research**

As with most research, this study has a number of limitations. First, the research model has only one proposed dependent variable, and has only focused on certain number of factors used directly from Black's model. While this was done intentionally to satisfy the aim of this research and to make the institutional variables salient, additional work can be done to introduce further predictors to the adjustment model.

Second, the same respondents assessed many of the variables at one point in time through a survey. Thus, same-respondent bias and common-method bias may be a concern. However, a different data collection method (interviews with expatriates and HR staff) was utilized, which reduces the threat of common-method bias.

Third, it is possible that asking expatriates to report their assessment of local colleagues' values and norms may not be the optimal measurement of cultural/institutional values. However, the assessed expatriates' perceptions of others' values is consistent with the research on P-E fit, which shows that a "perceived environment is a more proximal predictor of attitudes than an actual environment" (Van Vianen et al., 2004, p. 701). More importantly, the research aim of examining the extent to which expatriates' perceptions of others' workplace values would influence their adjustment, clearly justify this method. There were also some indications that the expatriates' perceptions reflected the actual values. For example, the exploratory interviews done at the beginning of this study showed the ability of the employees to identify most of these values.

Fourth, the study also suffers from small sample size and thus limited statistical power in some research questions because the number of independent variables is relatively large in relation to the number of participants. However, this is not seen as a specific study limitation. As explained earlier in this thesis, it is not unusual for international studies in general, and is common for most Egyptian studies specifically, to get such low responses. While this response rate limits the ability to generalize the findings, it certainly contributes to the limited knowledge base that is very negligible regarding global HRM in Egypt. Still, the robustness of the results should be tested in future studies that replicate the current one.

Moreover, as in this study the sample units were limited mainly to petroleum organizations and the WHO, future research is required to expand to include more organizations in the UN and other MNCs working in different industrial sectors. This would provide a larger sample (especially in the UN) which may extend explanations to the current study findings in both samples and may also allow for more reliable comparisons between them.

Finally, the dramatic changes that have begun to take place in Egypt make it a particularly interesting context for future work. It would be interesting to replicate this study in the future to examine if the same findings, especially those related to the institutional features, change due to the expected introduction of a completely new business environment associated with new radical changes confronting the Egyptian political, economic, regulatory and social scenes after the January 2011 revolution.

It would also be interesting to look at how expatriates in intergovernmental organizations working in Egypt interact with institutional structures to create institutional change.

Overall, despite its limitations, this study could form appropriate groundwork from which future research can be carried out in the expatriate adjustment area via: a) the contingency model which can be tested in different contexts; and b) some initial steps in conceptualizing the relationship between culture and institutions and their impact on adjustment.

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## APPENDIX

### Appendix 1

**Table A.1 Number of work permits issued to foreigners in Egypt by type of permit and main nationality groups (2005)**

Nationality Groups	First time	Renewals	total	%
Arab Countries	1253	5775	7028	40.3
African Countries	54	92	146	0.8
Asian Countries	1407	2985	4392	25.2
European Countries	2275	3031	5306	30.4
Americas and Australia	550	930	1480	8.5
Other Nationalities	37	67	104	0.6
Total	5576	11880	17456	100.0

Source: Annual Statistics 2005, Ministry of Manpower and Emigration, Central department for Information.

**Table A.2 The number of work permits for expatriates working in different sectors in Egypt, in 2005, classified according to the sector's offices**

<b>Offices</b>	<b>First time</b>	<b>Renewals</b>	<b>Total</b>	<b>%</b>
Investment sector	1918	2361	4279	65.54
Petroleum sector	558	922	1480	22.67
Other Companies	226	543	769	11.78
<b>Total</b>	<b>2702</b>	<b>3826</b>	<b>6528</b>	<b>100</b>

Source: The Ministry of Manpower and Emigration, Central department for Information.

**Table A.3 Work permits for expatriates in Egypt, according to their general posts categories during year 2005**

<b>General posts and positions</b>	<b>First time</b>	<b>Renewals</b>	<b>total</b>	<b>%</b>
Top management and CEO	1728	3365	5093	29.2
Specialists and academics	1140	2033	3173	18.2
Technicians and assistants specialists	1789	2398	4187	24.0
clerics	35	156	191	1.1
Workers in service sectors and merchandise shops	215	663	878	5.0
Peasants and animal breeding labour	98	843	941	5.4
Artisans and Craftsmen	286	769	1055	6.0
Factory workers	224	1472	1696	9.7
Others	61	181	242	1.4
<b>Total</b>	<b>5576</b>	<b>11880</b>	<b>17456</b>	<b>100</b>
<b>%</b>	<b>32</b>	<b>68</b>	<b>100</b>	

Source: The Ministry of Manpower and Emigration, Central department for Information.

## **Appendix 2**

### **Approval Decree of the CAPMAS Institution**

***(Translated from Arabic to English):***

On 27/2/2007, the head of the CAPMAS institute granted approval no. 209, for year 2007, to the named researcher to undertake data collection as specified in the following 8 clauses:

1. “The named researcher, studying in the named University in the United Kingdom, to do her research titled “Expatriate Adjustment in the Context of Intergovernmental Organizations”.
2. The sample collected to be: 250 subjects (though the researcher aimed at only 100 subject, but it was thought wise to ask for more), distributed as:
  - 200 expatriates working in the petroleum industry in Egypt and 50 expatriates working in different UN organizations and its offices in Egypt;

*This sample is to be collected under the following conditions:*

- Each of the sampled organization’s head has to approve the research.
  - Data collection has to be under the responsibility of each organization’s security department.
  - Each participant should agree with his/her own will to participate.
  - Data collected should be anonymous, and only be used for the research purpose.
1. Data should be collected only with the questionnaire copy being approved by CAPMAS and which is in 6 pages.
  2. Fieldwork should be within one year from the date this approval is issued.
  3. Fieldwork and data collection in this research should not start until this approval is being finally processed and issued.
  4. CAPMAS has the right to receive two copies of the preliminary results once issued as well as two copies of the final results once completed.
  5. Only Egyptian researchers should be involved in this research data collection.
  6. This approval should be in effect from the date of its issuance.”

### **Appendix 3**

#### ***Petroleum Industry Approval letter specifying the petroleum sample companies: (Translated from Arabic to English)***

Dear General Managers,

Companies (Petrol Balaeem- petrobel, GUBCO,WEBCO, Hammra Oil, Karoon, Badr Eldeen, Khalda).

Hope this letter finds you all well,

I would like to inform you that according to the petroleum industry vice deputy's letter regarding Mrs/Wessam Mahmoud Khedr- who is preparing a PhD in the Human resource management field, and studying expatriates in Egypt- please find attached a copy of the questionnaire prepared by the named researcher for her research purpose only.

It worth noting that this questionnaire after being cleared by the security office, four questions were cancelled, numbers ( 1,6,15,16).

Would you kindly send it back to us after being filled in by expatriates in your organisations who would agree to participate in this research.

Thank you and Kind Regards,

Chief Executive Officer's Assistant for managerial issues

Master: Werdany Altoony

*Signed by the above*

## Appendix 4

### ***Research Questionnaire:***

Dear Sir/Madam,

#### **International Employees and the Adjustment Process**

My name is Wessam Khedr. I am a PhD student in the Human Resource Department, Leicester Business School, De Montfort University, England. I work under the supervision of Prof. Anthony Ferner (Professor of International Human Resource Management) and Dr. Olga Tregaskis (Senior Research Fellow in International Human Resource Management).

I am conducting doctoral research on international employees working in Egypt. The research focuses on understanding the influence of institutional and organizational factors on international employees' working life and their adjustment. This research has an important contribution to make regarding the management of international employees who are a significant investment and source of critical expertise for international organizations.

I am approaching you to ask if you would consider taking part in the current study by completing the attached questionnaire. The questionnaire will take approximately 10 minutes to complete.

I want to assure you that your answers will be treated as strictly confidential. All the responses from the questions will be examined at the aggregate level. I will be the only person with access to the questionnaire and the responses that you return.

Your valuable cooperation is critical for the success of this research and will be greatly appreciated.

On completion of the study, an exclusive summary of the research key findings will be made available to participants. If you wish to receive a copy of this summary please send me an email.

Thank you.

Wessam Khedr  
PhD Researcher  
Leicester Business School  
De Montfort University  
Leicester  
England.

For further information please don't hesitate to contact me on  
Egypt: 002/03/5855888, or mobile: 002/012/4270757  
United Kingdom: 0044/789/4735322  
email: wkhedr@dmu.ac.uk



## *International Employees and the Adjustment Process*

**1- Could you please fill in the following?**

**Gender (F/M):**

**Age:**

**Name of your Home Country:**

**Name of your last assignment country before Egypt:**

**Type of your organization (UN/MNC):**

**2- Thinking of your experiences of adjustment in relation to your current assignment in Egypt. Please tick (✓) on a scale of 1 to 5 how adjusted you feel for each of the following statements.**

Statement	Highly unadjusted 1	Unadjusted 2	Neutral 3	Adjusted 4	Highly adjusted 5
Housing conditions.	1	2	3	4	5
Local food.	1	2	3	4	5
Shopping.	1	2	3	4	5
Cost of living.	1	2	3	4	5
Entertainment/recreation facilities and opportunities.	1	2	3	4	5
Health care facilities.	1	2	3	4	5
Socializing with host nationals.	1	2	3	4	5
Interacting with host nationals in a work context	1	2	3	4	5
Specific job responsibilities.	1	2	3	4	5
Performance standards and expectations.	1	2	3	4	5

**3– Did you undertake any pre-departure training before your arrival in this post? Please tick (✓) all that apply:**

Yes, provided by my organization	
Yes, self-initiated training	
No, my organization does not provide pre-departure training	
No, but my organization does provide pre-departure training	

**4- If you undertook pre-departure training (either on your own or through your organization), did it cover any of the following issues? Please tick (✓) all that apply.**

Cultural orientation (values, norms and traditions).	YES (✓)
New job role.	
Specific information about the new working environment.	
Arabic language training.	

**5- The following questions ask about your previous overseas experience, please choose your answer.**

5a- How many international assignments have you had in the last 6 years? None/one/two/three/four/five/more than five.
5b- On average, how long did your previous assignments last? less than 6 months/ 6 to 11 months/up to 1 year/ up to 2 years/ up to 3 years/ up to 4 years/ up to 5 years/ More than five years/ No previous assignments.
5c- How long have you been in your current assignment in Egypt so far? less than 6 months/ 6 to 11 months/up to 1 year/ up to 2 years/ up to 3 years/ up to 4 years/ up to 5 years/ up to 6 years, more than 6 years.

<b>6a- Is Arabic your mother tongue?</b>	YES	NO	<b>Note: If “Yes”, please go to question “7”.</b>		
<b>6b- How well do you feel you speak the Arabic language?</b>	1 Not at all	2 A little	3 Moderate	4 Fluently	5 Very fluently

<b>7- Does your organization normally provide its employees with support (e.g.: logistical support) in their international moves?</b>	YES	NO	<b>Note : If “NO”, please go to question “9”.</b>
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<b>8- In your move to Egypt, did you receive from your organization any of the following forms of support? Please tick (✓) all that apply:</b>	YES (✓)
Assistance with documentation and official paper work (e.g.: visa, work permits, contracts, insurance and tax payments...etc)	
Assistance with your new home	
Counselling/advisory service	
Access to health care	
Social and entertainment events	
Other (e.g.: Translation (if needed), Car, Company driver...etc)	

**9- Comparing Egypt to your home country how similar are they in relation to the following issues? Please tick (✓) on a scale of 1 to 5.**

<b>Statement</b>	<b>Highly Similar 1</b>	<b>Similar 2</b>	<b>Somewhat similar 3</b>	<b>Not very similar 4</b>	<b>Not at all similar 5</b>
Everyday customs that must be followed.	1	2	3	4	5
General living conditions.	1	2	3	4	5
Health care facilities.	1	2	3	4	5
Transport systems.	1	2	3	4	5
General living costs.	1	2	3	4	5
Quality and type of food available.	1	2	3	4	5
Climate (i.e. weather conditions).	1	2	3	4	5
Housing conditions.	1	2	3	4	5

**10- Which of the following statements best describes the relative influence of the host country (Egypt) and of your international organization in shaping employment practices within this operation? Please Tick (✓) only One.**

<b>Number</b>	<b>Statement</b>
1	Employment practices largely reflect the local Egyptian practices.
2	Employment practices reflect a combination of the Egyptian practices and the practices of the international organization, but the Egyptian practices are more influential.
3	Employment practices reflect a 50/50 combination of the Egyptian practices and the practices of the international organization.
4	Employment practices reflect a combination of the Egyptian practices and the practices of the international organization, but the practices of the international organization are more influential.
5	Employment practices largely reflect the international organization practices.

**11- Which of the following statements best describes the relative influence of the host country (Egypt) in shaping employment practices for international employees within this operation? Please tick (✓) your choice on a scale of 1 to 5.**

Statement	No influence 1	Little influence 2	Moderate influence 3	Strong influence 4	Very strong influence 5
Recruitment of international employees	1	2	3	4	5
Performance management of international employees	1	2	3	4	5
Pay and rewards for international employees	1	2	3	4	5

**12- Thinking about Egyptian working practices and norms, to what extent do you agree with each of the following statements? Please tick your choice on a scale of 1 to 5.**

Statement	Strongly Disagree 1	Disagree 2	Neither Disagree nor Agree 3	Agree 4	Strongly Agree 5
In this country, team working relationships are affected by seniority.	1	2	3	4	5
Egyptian employees prefer working alone rather than in teams.	1	2	3	4	5
Egyptian managers tend not to seek subordinates' participation in decision making.	1	2	3	4	5
Egyptian employees have a high expectation of promotion based on their length of service with an organization.	1	2	3	4	5
The informal rules or expectations are important in determining Egyptian working practices.	1	2	3	4	5
For Egyptian employees, emotions play little part in defining relationships at work.	1	2	3	4	5
In Egyptian practices, social and personal relationships are essential for work to be carried out.	1	2	3	4	5
Religious and family matters have an integral role in influencing Egyptian employees' working life.	1	2	3	4	5
Egyptian employees tend not to separate work criticism from personal criticism.	1	2	3	4	5
Egyptian employees find it easy to work with employees from other cultures.	1	2	3	4	5

**13- How similar are your experiences of Egypt compared to your last country assignment and to your home country in each of the following areas?**

Statement	Highly similar 1	Similar 2	Somewhat similar 3	Not very similar 4	Not at all similar 5	
<b>I-Egyptian Employment regulations compared to employment regulations of:</b>						
( I-a) Last country assignment	1	2	3	4	5	No previous assignments
( I-b) Home country	1	2	3	4	5	
<b>II- Egyptian working practices compared to :</b>						
(II-a) Last country assignment	1	2	3	4	5	No previous assignments
(II-b) Home country	1	2	3	4	5	
<b>III- Egyptians' way of interpreting and understanding working relationships compared to nationals from:</b>						
(III-a)Last country assignment	1	2	3	4	5	No previous assignments
(III-b)Home country	1	2	3	4	5	

**14- How important is each of the following factors in building a good relationship with your Egyptian**

**a) Supervisors/line managers; b) Peers and c) Subordinates? Please tick your choice on a scale of 1 to 5.**

**Note: Skip the group that you do not have a relationship with.**

**a- Relationship with Egyptian supervisors/ line managers:**

Statement	Not at all important 1	Not very important 2	Somewhat important 3	Important 4	Very important 5
<b>Your communication skills</b>	1	2	3	4	5
<b>Your organizational networks</b>	1	2	3	4	5
<b>Your position in the hierarchy</b>	1	2	3	4	5
<b>Your technical knowledge/ expertise</b>	1	2	3	4	5
<b>Your nationality</b>	1	2	3	4	5
<b>Your gender</b>	1	2	3	4	5

**b- Relationship with Egyptian peers:**

Statement	Not at all important 1	Not very important 2	Somewhat important 3	Important 4	Very important 5
Your communication skills	1	2	3	4	5
Your organizational networks	1	2	3	4	5
Your position in the hierarchy	1	2	3	4	5
Your technical knowledge/expertise	1	2	3	4	5
Your nationality	1	2	3	4	5
Your gender	1	2	3	4	5

**c-Relationship with Egyptian subordinates:**

Statement	Not at all important 1	Not very important 2	Somewhat important 3	Important 4	Very important 5
Your communication skills	1	2	3	4	5
Your organizational networks	1	2	3	4	5
Your position in the hierarchy	1	2	3	4	5
Your technical knowledge/expertise	1	2	3	4	5
Your nationality	1	2	3	4	5
Your gender	1	2	3	4	5

15- What is your functional area? Please tick (✓) your choice.

Finance	
Marketing	
Operation	
Research and development	
Project/line Management	
Management Director	
Other, Please specify: .....	

16- Could you please fill in the following?

Name of your organization:

If your Organization is “*MNC*”, then what is the *home country* of your *organization*?

*Thank you for your valuable participation. Your answers will be treated as strictly confidential and will be used only for research purposes.*

**Thank you.**

## Appendix 5

**Table A.4 Inter-domain correlations and total domain correlations**

Correlations					
		Egyptian employees find it easy to work with employees from other cultures.	q12.2r	q12.3r	cognitive factor /q12
Egyptian employees find it easy to work with employees from other cultures.	Pearson Correlation	1.000	.189*	.339**	.651**
	Sig. (2-tailed)		.037	.000	.000
	N	123.000	122	119	119
q12.2r	Pearson Correlation	.189*	1.000	.372**	.714**
	Sig. (2-tailed)	.037		.000	.000
	N	122	125.000	122	119
q12.3r	Pearson Correlation	.339**	.372**	1.000	.820**
	Sig. (2-tailed)	.000	.000		.000
	N	119	122	122.000	119
cognitive factor /q12	Pearson Correlation	.651**	.714**	.820**	1.000
	Sig. (2-tailed)	.000	.000	.000	
	N	119	119	119	119.000
*. Correlation is significant at the 0.05 level (2-tailed).					
**. Correlation is significant at the 0.01 level (2-tailed).					

## **Appendix 6**

### **The 2005 pilot study**

The international employees sampled were selected from multinational companies (MNCs), United Nations (UN) organizations and two national bodies (American University in Cairo (AUC) and the Research Institute of Tropical Diseases (RITD)).

Citibank and Unilever represented the MNCs sample unit; United Nations Development Programme (UNDP), World Health Organization (WHO) and the World Bank (WB) represented the UN organization sample unit; and the American University in Cairo (AUC) and the Research Institute for Tropical Diseases (RITD) represented the national bodies in the sample unit.

The pilot sample (N= 19) were majority female (57%), with 21% being American, 37% European and 42% from the rest of the world. 68% were working in the UN; and equal percentages—16%—in MNCs and national companies. Most interviewees (57.8%) spent from 2 to 4 years in the host country (Egypt) and only 15% spent more than 5 years. 68.4% of the participants were occupying high managerial and professional levels. All organizations (except “*Unilever*”) were based in the capital city (Cairo).

### **The piloting process: Interview procedures and measuring instruments**

A qualitative method of semi-structured interviews was used to interview the participants. Interviews were conducted face-to-face and at the respondents’ office. Sekaran (2000) has emphasized that face-to-face interviews are the best type of data collection to be used at the exploratory stages of the research when the researcher tries to get a handle on concepts or the situational factors. As is the case in the current research, this technique has provided the opportunity to establish rapport with the interviewees, and helped to explore and uncover many complex research issues.

All interviews were taped (except one) and lasted for one hour on average. The interview start and finish times were limited to times convenient to the interviewees and appropriate to their work schedule. Interviews were taped as this ensured completeness, richness and accuracy of the information during transcription (Easterby-Smith, Thorpe and Jackson, 2008).



A checklist of research variables was prepared by the researcher prior to the interviews. The interview checklist was drawn from the suggested research model and the literature. This list worked as guidance for the questions and topics discussed in the interviews and it was divided into three groups.

The **first** group dealt with general information about the interviewee and his/her job. Whenever relevant, the interviewee was asked to give a brief introduction about him/herself, home country, profession/current assignment in the organization, number of years spent in Egypt, previous expatriation experience, incentives/motivation to accept this assignment/come to this country (interviewer probed for the economic distance between Egypt and home country and how this might have affected post choice), any expectations before travelling (probing for the importance of pre-departure training) and the post-arrival perception and the extent to which there was a perception-expectation gap.

The rationale behind asking these questions was to examine some general themes such as the purpose, type and incentives for expatriation. The pilot study also allowed the researcher to: 1) test the importance and centrality of certain research variables such as economic distance, previous expatriation experience and pre-departure training in supporting the interviewee's decision to accept/adapt to the new post; 2) understand these variables in a way that could help in operationalizing them for the main study; 3) understand the circumstances of the assignment and background of each interviewee.

The **second** group of questions discussed issues that reflect variables presented in the expatriate literature such as: *cultural novelty* (perceived differences/similarities between expatriates' own culture and the Egyptian culture). Several factors were discussed such as: day-to-day lifestyle, interaction with nationals on a daily basis (giving examples), adapting to food, housing, climate, people customs and norms inside and outside the organization. Interviewees were probed for factors that might contribute to their adjustment, for example: language ability, organizational support, previous experience in Egypt or a similar culture, and whether their own personal characteristics supported their adaptation.

Again, asking this group of questions was critical for the research. Answers to these questions: 1) drew a picture of the Egyptian culture as perceived by different interviewees with different backgrounds; 2) gave an insight into how cultural novelty could shape expatriates' adaptation and

how the role of some factors such as language ability, organizational support and individual characteristics could practically contribute to expatriate adjustment. This helped in shaping the questions measuring each variable.

The **third group** of questions discussed issues that reflect the key elements/institutional drivers of the country institutional measure (CIM). Four elements under the CIM variable were discussed. These were:

- 1) Egypt as a Multicultural/Monoculture society—probing for whether Egyptian society can be considered a home to significant international institutions such as international universities, international schools and UN head offices; whether the education system supports the early exposure of students to foreign languages; and whether working and travelling abroad is desired and encouraged by universities or international job agencies.
- 2) Language and communication skills—the interviewer probed for whether Egyptians have the ability to participate in a conversation in a second language besides their native language, and whether bilingual or multilingual skills are a norm rather than an exception.
- 3) Employment Relations—employer-employee relationship and team work, authority structure/hierarchy vs. social relations.
- 4) Employment legislation—recruitment, promotion, payment strategies (main criteria for evaluation) and working norms (institutionally driven Egyptian working norms vs. international employees working norms).

Understanding the Egyptian institutional profile was crucial to the operationalization of this variable. The aim was to determine what aspects of the institutional profile affect the adjustment process and to examine whether the institutional elements differed according to the type of organization.

## **The 2006 pilot study**

The target for this pilot was to get 20 expatriates across MNCs and UN organizations in Egypt to fill in the web-based survey. The pilot process took approximately eight months from January 2006 to August 2006 to be accomplished, and it passed through the following stages:

### **Developing the electronic survey and placing it on the web**

Many challenges could be expected when developing web-based electronic surveys. These challenges were experienced in this research, in terms of: Gaining technical IT expertise in developing an online questionnaire; Getting a webpage to locate the questionnaire on; Securing a method of “logging-in” for participants; and Keeping the anonymity of the respondents’ replies.

### **Building up the contact list and sample**

In this study, the snowball sampling technique was used to approach both the contacts as well as the sample elements (expatriates). The main contacts were the researcher’s friends and relatives from Egypt who either knew expatriates themselves and/or had access to individuals in the sampled units.

Contacts were approached by emails, posted mail and telephone calls (international and national). The snowballing technique resulted in incrementally building up a contact list that reached a total of 36 main contacts (19 interviewees from the 2005 pilot and 17 researcher friends and relatives). For each of the 36 main contacts, a database was prepared containing most of his/her details such as: emails/telephone numbers, organization he/she has access to, expected sample size he/she can get, etc.

### **Problems that affected the piloting process**

This research faced some problems similar to other studies that used e-surveys (e.g. Schmidt, 1997; Schuldt and Totten, 1994; Schleyer and Forrest, 2000).

Problems relating to the *electronic design* of the survey were reported through the recipients’ (contacts and expatriates) email feedback. Most of these problems were technical in nature (e.g. the questionnaire’s URL failed to work on some email systems). Others were related to security concerns (e.g. refusal of some subjects and their organizations to participate, because of concerns about confidentiality due to the survey’s “online” nature). Moreover, some organizations’

gatekeepers perceived this method as “new” and preferred having a hard copy of the questionnaire in a “common” “paper and pencil” format. Finally, there was always the possibility that the email containing the survey link was ignored, deleted or treated as “junk”.

In addition, there were problems that related to the *questionnaire itself*, specifically with its length. Cook et al. (2000) reported this factor as one of the main predictors for incomplete responses and low response rates in e-surveys. This was evidenced in this research where only 9 people completed it, although 80 hits were recorded.

### **The 2006 pilot sample**

From the problems discussed above, it can be seen that the electronic version of the questionnaire was not well received. Studies comparing the response rates of e-surveys to those of mail surveys (e.g. Sheehan and McMillan, 1999; Shermis and Lombard, 1999; Schuldt and Totten, 1994), showed that the response rates for e-surveys are lower than traditional mail surveys. In this research, because snowball sampling was used, a response rate could not be calculated; however, 11 per cent of the hits recorded were valuable responses (9/80 hits) and 45 per cent of the targeted subjects were reached (9/20 subjects).

Most of the sample were male (66.6%), 44.4% were in the age range of 20–30 years, 33% were Italian, and 78% were working in UN organizations. Most participants (77.7%) had had previous assignments before Egypt and 44.4% had been in Egypt for 2 years.

Most of the respondents either did not answer the questions on their organization’s name, sector/functional area, and current post held, or gave an unknown abbreviation as an answer.